

COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

COUNCIL MEMBERS

Dennis Kennedy, Mayor Greg Sellers, Mayor Pro Tempore Larry Carr, Council Member Hedy Chang, Council Member Steve Tate, Council Member

REDEVELOPMENT AGENCY

Dennis Kennedy, Chair Greg Sellers, Vice-Chair Larry Carr, Agency Member Hedy Chang, Agency Member Steve Tate, Agency Member

WEDNESDAY, NOVEMBER 17, 2004

AGENDA

JOINT MEETING

CITY COUNCIL SPECIAL AND REGULAR MEETING

and

REDEVELOPMENT AGENCY SPECIAL MEETING

6:00 P.M.

A Special Meeting of the City Council and Redevelopment Agency is Called at 6:00 P.M. for the Purpose of Conducting Closed Sessions.

Dennis Kennedy, Mayor/Chairman

CALL TO ORDER

(Mayor/Chairperson Kennedy)

ROLL CALL ATTENDANCE

(City Clerk/Agency Secretary Torrez)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(City Clerk/Agency Secretary Torrez)

City of Morgan Hill Special & Regular City Council and Special Redevelopment Agency Meeting November 17, 2004 Page - 2 -

6:00 P.M.

City Council Action and Redevelopment Agency Action

CLOSED SESSION:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases: 4

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Authority Government Code 54957

Public Employee Performance Evaluation: City Manager

Attendees: City Council, City Manager

CONFERENCE WITH LABOR NEGOTIATOR:

Authority: Government Code Section 54957.6
Agency Negotiators: City Manager; Human Resources Director

Executive Management Group 1-A

Chief of Police

Director of Business Assistance & Housing Services

Director of Community Development

Director of Finance

Director of Public Works/City Engineer

Human Resources Director

Recreation and Community Services Manager

Assistant to the city Manager

Council Services and Records Manager

Middle Management Group 1-B

Police Lieutenant

Deputy Director of Public Works

Program Administrator Assistant Director of Finance Chief Building Official Planning Manager

Senior Civil Engineer

Senior Project Manager/Community Buildings

Budget Manager

Business Assistance and Housing Services Manager

Police Support Services Supervisor

Senior Planner Project Manager

Utility Systems Manager Recreation Supervisor Secretary to the City Manager City of Morgan Hill Special & Regular City Council and Special Redevelopment Agency Meeting November 17, 2004 Page - 3 -

Confidential Non-Exempt Employees Group 1-C

Administrative Analyst Secretary to the City Attorney Accounting Technician Human Resources Assistant

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS

Erosion Control Hydro Seeding of New Monterey Road Underpass Fred Amoroso and Scott Schilling

CITY COUNCIL REPORT

Mayor Pro Tempore Sellers

CITY COUNCIL SUB-COMMITTEE REPORTS

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS <u>NOT</u> ON THIS AGENDA. (See notice attached to the end of this agenda.)

PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND PRESENT IT TO THE CITY CLERK.

(See notice attached to the end of this agenda.)

PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY COUNCIL/REDEVELOPMENT AGENCY.

City of Morgan Hill Special & Regular City Council and Special Redevelopment Agency Meeting November 17, 2004 Page -4 -

City Council Action

CONSENT CALENDAR:

The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

	Time Estimate Consent Calendar: 1 - 10 Minutes	Page
1.	OCTOBER 2004 FINANCE & INVESTMENT REPORT Recommended Action(s): Accept and File Report.	8
2.	PERFORMANCE MEASURE UPDATE – FIRST QUARTER FISCAL YEAR 2004-2005	31
3.	ANNEXATION APPLICATION, ANX-02-02: COCHRANE-BORELLO 11	43
4.	FIRST QUARTER REPORT ON 2004-2005 WORKPLAN Recommended Action(s): Accept Report.	47
5.	ADOPT PARKS MAINTENANCE STANDARDS Recommended Action(s): Approve the Parks Maintenance Standards as Recommended by the Parks and Recreation Commission.	48
6.	 EMERGENCY AUTHORIZATION FOR PLACEMENT OF SLOPE EROSION PROTECTION	49
7.	FINAL MAP APPROVAL FOR SAN PEDRO VILLAS, PHASE II (TRACT 9640). Recommended Action(s): 1. Approve the Final Map, Subdivision Improvement Agreement and Improvement Plans; 2. Authorize the City Manager to Sign the Subdivision Improvement Agreement on Behalf of the City; and 3. Authorize the Recordation of the Map and the Subdivision Improvement Agreement Following the Recordation of the Development Improvement Agreement.	51
8.	FINAL MAP APPROVAL FOR QUAIL MEADOWS, PHASE II (TRACT 9598) Recommended Action(s): 1. Approve the Final Map, Subdivision Improvement Agreement and Improvement Plans; 2. Authorize the City Manager to Sign the Subdivision Improvement Agreement on Behalf of the City; and 3. Authorize the Recordation of the Map and the Subdivision Improvement Agreement Following the Recordation of the Development Improvement Agreement.	52

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	Time Estimate Consent Calendar: 1 - 10 Minutes	Page
9.	ADOPT ORDINANCE NO. 1701, NEW SERIES. Recommended Action(s): Waive the Reading, and Adopt Ordinance No. 1701, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MMP-03-01: NATIVE DANCER – QUAIL MEADOWS (APN 779-02-014) (DA-03- 09: NATIVE DANCER – QUAIL MEADOWS).	53
10.	ADOPT ORDINANCE NO. 1702, NEW SERIES Recommended Action(s): Waive the Reading, and Adopt Ordinance No. 1702, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING TITLE 17, CHAPTER 17.20 OF THE MORGAN HILL MUNICIPAL CODE, THE SUBDIVISION ORDINANCE, REPEALING SECTION 17.20.110, REQUIRING CITY COUNCIL REVIEW OF TENTATIVE SUBDIVISION MAPS.	59
City	Council and Redevelopment Agency Action	
CONSE	ENT CALENDAR:	
ITEMS	11-12	
	Time Estimate Consent Calendar: 1 - 10 Minutes	Page
11.	APPROVE JOINT REGULAR REDEVELOPMENT AGENCY AND SPECIAL CITY COUNCIL MINUTES FOR MEETING OF OCTOBER 27, 2004	62
12.	APPROVE JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MINUTES FOR MEETING OF NOVEMBER 3, 2004	93
Rede	evelopment Agency Action	
CONSE	ENT CALENDAR:	
ITEMS	13-14	
	Time Estimate Consent Calendar: 1 - 10 Minutes	Page
13.	OCTOBER 2004 REDEVELOPMENT AGENCY FINANCE & INVESTMENT REPORT. Recommended Action(s): Accept and File Report.	104
14.	 LEASE WITH THE CALIFORNIA YOUTH SOCCER ASSOCIATION (CYSA) Recommended Action(s): Approve the New Lease Agreement with CYSA for the Property Located at 16545 Murphy Avenue; and Direct the Executive Director to do Everything Necessary and Appropriate to Execute the New Lease Agreement, Including Making Modifications, Subject to Review and Approval by Agency Counsel. 	113

City of Morgan Hill Special & Regular City Council and Special Redevelopment Agency Meeting November 17, 2004 Page -- 6 - -

City Council Action

PUB I	LIC HEARINGS:		
	Time Estimate		Page
15.	10 Minutes	APPEAL OF FINDING OF INCONSISTENCY WITH THE GENERAL PLAN AND REJECTION OF MEASURE C APPLICATION MC-04-18. APPEAL APPLICATION, AP-04-04: MONTEREY-VIOLA. Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- Council Discretion. Should the City Council Wish to Grant the Appeal, Adoption of the Resolution is Recommended.	114
16.	10 Minutes	APPEAL OF FINDING OF INCONSISTENCY WITH THE GENERAL PLAN AND REJECTION OF MEASURE C APPLICATION MC-04-16. APPEAL APPLICATION, AP-04-05: EAST FIRST – SHERMAN HOUSE ASSOCIATES Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- Council Discretion. Should the City Council Wish to Grant the Appeal, Adoption of the Resolution is Recommended.	120
17.	10 Minutes	APPEAL OF FINDING OF INCONSISTENCY WITH THE GENERAL PLAN AND REJECTION OF MEASURE C APPLICATION MMC-04-07. APPEAL APPLICATION, AP-04-06: GINGER-CUSTOM ONE Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- Council Discretion. Should the City Council Wish to Grant the Appeal, Adoption of the Resolution is Recommended.	126
18.	10 Minutes	APPEAL OF FINDING OF INCONSISTENCY WITH THE GENERAL PLAN AND REJECTION OF MEASURE C APPLICATION MMC-04-09. APPEAL APPLICATION, AP-04-08: TAYLOR-MURRAY Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- Council Discretion. Should the City Council Wish to Grant the Appeal, Adoption of the Resolution is Recommended.	132
19.	10 Minutes	APPEAL OF FINDING OF INCONSISTENCY WITH THE GENERAL PLAN AND REJECTION OF MEASURE C APPLICATION MC-04-10: EAST DUNNE- KRUSE	138

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City Council Action

OTHE	R BUSINESS: Time Estimate		Page
20.	30 Minutes	COMMUNITY INDOOR RECREATION CENTER – BUDGET DIRECTION AT 75% CONSTRUCTION DOCUMENTS Recommended Action(s): Consider Subcommittee Report and Recommendations.	139
21.	10 Minutes	 INTERIM USE PERMIT, UP-04-07: DEPOT-DAY WORKER CENTER Recommended Action(s): Consider Property Owner Request to Impose a 30-day Site Restoration Requirement. Provide Direction to Staff Regarding the Property Owner's Request for a Bond to Ensure the Restoration and Clean Up of the Site; and Adopt Resolution Amending Resolution No. 5803 Requiring the Dayworker Committee to Return the Site to its Original Condition One Month After Exiting the Site. 	142
22.	10 Minutes	MEMORANDUM OF UNDERSTANDING (MOU) FOR WORKFORCE INVESTMENT ACT SERVICES Recommended Action(s): 1. Authorize the City Manager to do Everything Necessary, Including Making Modifications to the MOU, Subject to Legal Review, to Execute an MOU with the City of San Jose to Act as the Administrator of Services for the Silicon Valley Workforce Investment Board; and 2. Provide Direction on the Process for Nominating a Person to be Appointed to Workforce Investment Board or its Youth Council.	145
Red	levelopmei	nt Agency Action	

OTHER BUSINESS: Time Estimate

- 1. <u>Direct</u> Staff to Explore Funding Options to Assist Residents of Woodlands Estates Mobile Home Park; and
- 2. **Report** Back to the Agency with a Recommendation Prior to March 2005.

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT



CITY COUNCIL STAFF REPORT

MEETING DATE: November 17, 2004

OCTOBER 2004 FINANCE & INVESTMENT REPORT

Prepared By:
Finance Director
Submitted By:
City Manager

Agenda Item # 1

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended October 31, 2004. The report covers the first four months of activity for the 2004/2005 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

CITY OF MORGAN HILL Monthly Financial and Investment Reports

October 31, 2004 – 33% Year Complete



Prepared by:

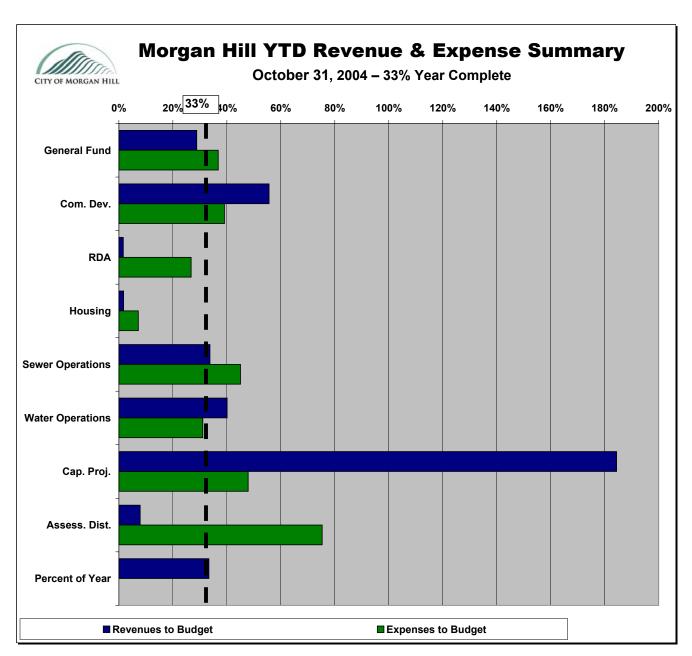
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05 FOR THE MONTH OF OCTOBER 2004 - 33% OF YEAR COMPLETE

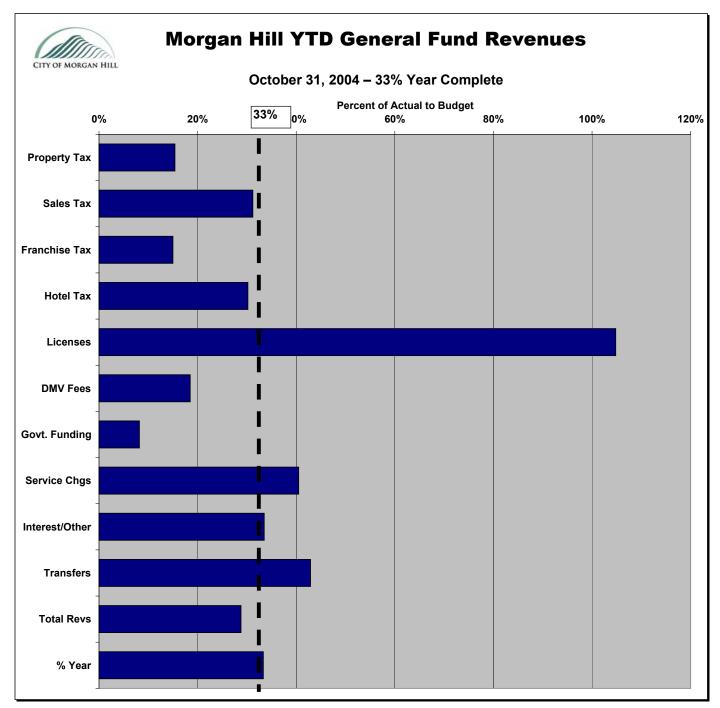
This analysis of the status of the City's financial situation reflects 33% of the year. However, this analysis is somewhat limited. Many of the City's current year revenues have not been received as of this time of the year, such as property taxes, transient occupancy taxes and franchise fees. The beginning of a fiscal year normally reflects a surge in purchasing. This is due to the start of projects included in the new budget and to the season to take advantage of good weather for construction projects.

- * General Fund The revenues received in the General Fund were approximately 29% of the budgeted revenues. Only 15% of property related taxes have been received by the City. The amount of Sales Tax collected was 31% of the sales tax revenue budget and 8% than the amount received for the prior year. Business license and other permit collections were 105% of the budgeted amount. Business license renewal fees were due in July; therefore most of these collections were normal. Motor Vehicle-in-Lieu revenues were \$263,949. The amount of Motor Vehicle-in-lieu fees dropped significantly in this fiscal year, consistent with State budget revenue revisions. Interest & Other Revenue were 34% of budget and do not reflect October interest earnings that will be posted in January 2005 as part of earnings for the quarter ended December.
- * The General Fund expenditures and encumbrances to date totaled 37% of the budgeted appropriations. If the \$470,626 in encumbrances were excluded, only 34% of the budget would have been expended. The higher costs are primarily related to the timing of Aquatics and legal expenditures. The outstanding encumbrances in several activities are encumbrances for projects started but not completed in the prior year and carried forward to the current fiscal year.
- * Transient Occupancy (Hotel) Tax The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first quarter ended September 30 amounted to \$285,118 or 6% more than the amount received by the City in the prior year.
- * Community Development Revenues were 56% of budget, which was 41% more than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances were 45% of budget; Building has expended or encumbered 38% of budget and Engineering 34%. Community Development has expended or encumbered a combined total of 39% of the 2004/05 budget, including \$376,899 in encumbrances. If encumbrances were excluded, Community Development would have spent only 28% of the combined budget.
- * **RDA and Housing** Only \$175,936 in property tax increment revenues has been received as of October 31, 2004. Expenditures plus encumbrances totaled 22% of budget. If encumbrances totaling \$2,805,215 were excluded, the RDA would have spent 12% of the combined budget.
- * Water and Sewer Operations- Water Operations revenues, including service fees, were 40% of budget. Expenditures totaled 31% of appropriations. Sewer Operations revenues, including service fees, were 34% of budget. Expenditures for sewer operations were 45% of budget. This higher percentage results from a principal and interest payment on debt service paid in July.
- * Investments maturing/called/sold during this period. During the month of October, \$2 million was invested in Federal Agency investments. Further details of all City investments are contained on pages 6-8 of this report.



	REVENU	IES	EXPENS	10/31/2004	
		% OF	ACTUAL plus	% OF	UNRESTRICTED
FUND NAME	ACTUAL	BUDGET	ENCUMBRANCES	BUDGET	FUND BALANCE
General Fund	\$4,855,979	29%	\$6,967,629	37%	\$8,770,053
Community Development	1,522,601	56%	1,334,427	39%	1,670,579
RDA	282,669	2%	5,429,296	27%	(664,942)
Housing/CDBG	88,184	2%	569,111	7%	6,030,941
Sewer Operations	1,899,197	34%	2,941,274	45%	2,411,207
Sewer Other	494,045	38%	963,064	19%	11,924,983
Water Operations	3,470,935	40%	2,490,266	31%	4,258,827
Water Other	7,850,593	126%	1,312,205	19%	9,554,934
Other Special Revenues ¹	278,225	34%	881,052	39%	2,979,872
Capital Projects & Streets Funds	9,663,596	184%	8,896,951	48%	24,315,928
Debt Service Funds	25,404	8%	176,051	75%	248,413
Internal Service	1,624,873	31%	2,018,928	42%	4,578,136
Agency	311,610	12%	1,680,804	68%	2,568,518
<u></u>				1	
TOTAL FOR ALL FUNDS	\$32,367,911	42%	\$35,661,058	34%	\$78,647,449

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds

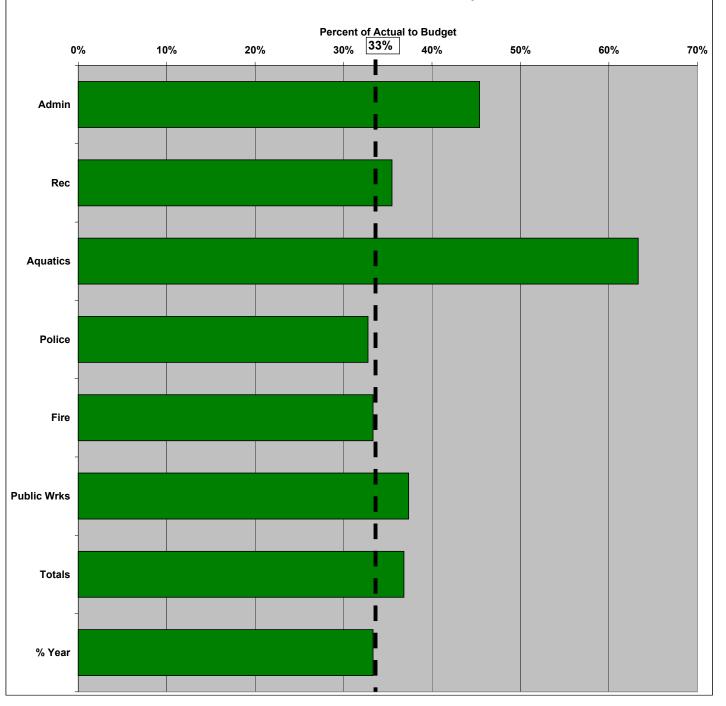


			% OF	PRIOR YEAR	% CHANGE FROM
REVENUE CATEGORY	BUDGET	ACTUAL	BUDGET	TO DATE	PRIOR YEAR
PROPERTY RELATED TAXES	\$3,328,396	\$513,554	15%	\$560,429	-8%
SALES TAXES	\$4,852,000	\$1,513,478	31%	\$1,405,857	8%
FRANCHISE FEE	\$965,000	\$144,624	15%	\$135,208	7%
HOTEL TAX	\$945,000	\$285,118	30%	\$270,117	6%
LICENSES/PERMITS	\$201,720	\$211,353	105%	\$152,516	39%
MOTOR VEHICLE IN LIEU	\$1,423,800	\$263,949	19%	\$315,130	-16%
FUNDING - OTHER GOVERNMENTS	\$304,400	\$24,813	8%	\$887	2697%
CHARGES CURRENT SERVICES	\$3,535,076	\$1,430,908	41%	\$836,644	71%
INTEREST & OTHER REVENUE	\$881,461	\$295,207	34%	\$244,226	21%
TRANSFERS IN	\$403,100	\$172,975	43%	\$256,666	-33%
	•	•			•
TOTALS	\$16,839,953	\$4,855,979	29%	\$4,177,680	16%



Morgan Hill YTD General Fund Expenditures

October 31, 2004 - 33% Year Complete



		Actual Plus	
Expenditure Category	Budget	Encumbrances	% of Budget
ADMINISTRATION	5,619,079	2,587,571	45%
RECREATION	285,551	91,668	35%
AQUATICS	1,179,260	746,610	63%
POLICE	8,015,630	2,626,062	33%
FIRE	4,194,617	1,398,236	33%
PUBLIC WORKS	706,957	264,092	37%
TOTALS	\$ 18,920,859	\$ 6,967,629	37%



City of Morgan Hill Fund Activity Summary - Fiscal Year 2004/05 For the Month of October 2004 33% of Year Completed

		Unaudited	Revenues		Expenses		Year to-Date	Ending Fund Balance		Cash and Investments	
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or	Ī			
No.	Fund	06-30-04	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$10,898,370	\$4,855,979	29%	\$6,513,670	34%	(\$1,657,691)	\$470,626	\$8,770,053	\$10,262,398	\$6,150
TOTAL G	ENERAL FUND	<u>\$10,898,370</u>	<u>\$4,855,979</u>	<u>29%</u>	<u>\$6,513,670</u>	<u>34%</u>	<u>(\$1,657,691)</u>	<u>\$470,626</u>	\$8,770,053	<u>\$10,262,398</u>	<u>\$6,150</u>
							<u> </u>				
202	STREET MAINTENANCE	\$1,454,752	\$601,733	40%	\$499,242	23%	\$102,491	\$364,750	\$1,192,493	\$1,283,630	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$321,965	\$2,058	2%	\$58,507	33%	(\$56,449)		\$265,516	\$265,516	
206	COMMUNITY DEVELOPMENT	\$1,482,405	\$1,522,601	56%	\$957,528	28%	\$565,073	\$376,899	\$1,670,579	\$2,099,332	
207	GENERAL PLAN UPDATE	\$231,849	\$56,884	71%	\$12,184	8%	\$44,700	\$214,216	\$62,333	\$276,750	
210	COMMUNITY CENTER	\$99,678	\$17,202	33%		n/a	\$17,202		\$116,880	\$116,880	
215 / 216	CDBG	\$127,519	\$101	0%	\$30,478	5%	(\$30,377)	541,100	(\$443,958)	\$99,459	
220	MUSEUM RENTAL			n/a		n/a					
225	ASSET SEIZURE	\$38,956	\$10,203	1000%		n/a	\$10,203	\$36,920	\$12,239	\$49,159	
229	LIGHTING AND LANDSCAPE	(\$1,173)	\$9	0%	\$52,367	37%	(\$52,358)		(\$53,531)	(\$52,975)	
232	ENVIRONMENTAL PROGRAMS	\$675,334	\$117,185	29%	\$179,686	34%	(\$62,501)	\$113,589	\$499,244	\$529,508	
234	MOBILE HOME PK RENT STAB.	\$168,580	\$6,108	119%	\$6,047	3%	\$61	\$189,900	(\$21,259)	\$168,523	
235	SENIOR HOUSING	\$252,691	\$1,317	24%			\$1,317		\$254,008	\$254,009	
236	HOUSING MITIGATION	\$1,141,855	\$50,949	423%	-		\$50,949	-	\$1,192,804	\$1,192,804	
240	EMPLOYEE ASSISTANCE	\$80,549	\$13,345	46%	15,221	61%	(\$1,876)		\$78,673	\$77,702	
247	ENVIRONMENT REMEDIATION	\$570,000	2,965	n/a	ŕ		\$2,965		\$572,965	\$572,965	
TOTAL S	PECIAL REVENUE FUNDS	\$6,644,960	\$2,402,660	46%	\$1,811,260	21%	\$591,400	\$1,837,374	\$5,398,986	\$6,933,263	
301	PARK DEV. IMPACT FUND	\$3,539,104	\$215,097	37%	\$34,259	2%	\$180,838	\$83,378	\$3,636,564		\$3,719,942
302	PARK MAINTENANCE	\$3,047,206	\$203,580	80%	\$31,250	21%	\$172,330		\$3,219,536	\$3,219,536	
303	LOCAL DRAINAGE	\$3,027,986	\$227,208	93%	\$512	0%	\$226,696		\$3,254,682		\$3,254,682
304	LOCAL DRAINAGE/NON-AB1600	\$3,249,120	\$89,579	61%	\$12,357	1%	\$77,222	\$7,741	\$3,318,601	\$3,226,343	
305	OFF-STREET PARKING			n/a	-	n/a				\$0	
306	OPEN SPACE	\$699,078	\$189,966	115%	492		\$189,474	\$10,000	\$878,552	\$888,552	
309	TRAFFIC IMPACT FUND	\$3,119,744	\$261,183	40%	\$115,171	6%	\$146,012	\$378,167	\$2,887,589		\$3,251,122
311	POLICE IMPACT FUND	\$83,370	\$32,950	83%	\$1,979	2%	\$30,971	\$10,000	\$104,341		\$114,341
313	FIRE IMPACT FUND	\$2,333,569	\$41,884	30%	\$460	0%	\$41,424	\$9,101	\$2,365,892		\$2,374,993
317	REDEVELOPMENT AGENCY	\$4,552,734	\$282,669	2%	\$2,696,706	13%	(\$2,414,037)	2,803,639	(\$664,942)	\$2,109,030	
327 / 328	HOUSING	\$6,868,967	\$88,083	2%	\$409,526	6%	(\$321,443)	72,625	\$6,474,899	\$6,665,382	
340	MORGAN HILL BUS.RANCH I	\$49,375	\$256	24%			\$256	,	\$49,631	\$49,631	
342	MORGAN HILL BUS.RANCH II	\$55,451	288	41%			\$288		\$55,739	\$55,739	
346	PUBLIC FACILITIES NON-AB1600	\$936,101	\$7,624,426	1212%	6,864,223		\$760,203	\$441,570	\$1,254,734	\$796,666	\$676,307
347	PUBLIC FACILITIES IMPACT FUND	\$314,545	\$30,177	40%	\$455	4%	\$29,722	9,750	\$334,517	, , , , , , , , , , , , , , , , , , , ,	\$304,483
348	LIBRARY IMPACT FUND	\$490,953	\$14,006	3%	\$67	0%	\$13,939	-,	\$504,892		\$504,892
350	UNDERGROUNDING	\$1,140,023	113,252	47%	\$130	0%	\$113,122	31,897	\$1,221,248	\$1,254,733	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
360	COMM/REC CTR IMPACT FUND	\$18,906	18,011	47%		0%	\$18,011	0.,007	\$36,917	\$36,917	
	APITAL PROJECT FUNDS	\$33,526,232	\$9,432,615	36%	\$10,167,587	24%	(\$734,972)	\$3,857,868	\$28,933,392	\$18,302,529	\$14,200,762
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545	COCHRANE BUSINESS PARK	\$375,254	\$1,813	1%	\$147,127	76%	(\$145,314)		\$229,940	\$48,990	\$180,950
551	JOLEEN WAY	\$23,806	\$23,591	57%	\$28,924	73%	(\$5,333)		\$18,473	\$1,224	\$17,250
TOTAL D	EBT SERVICE FUNDS	<u>\$399,060</u>	<u>\$25,404</u>	<u>8%</u>	<u>\$176,051</u>	<u>75%</u>	<u>(\$150,647)</u>		<u>\$248,413</u>	<u>\$50,214</u>	<u>\$198,200</u>

Page 4



City of Morgan Hill Fund Activity Summary - Fiscal Year 2004/05 For the Month of October 2004 33% of Year Completed

Fund No. Fund F			Harris Pt. at	D	33 /0 01 1	ear Completed		V	Fording Ford	d Dalamas	0 1 1 1 -	
No. Fund			Unaudited	Revenues	0/ 5	Expenses	0/ 5	Year to-Date	Enaing Fur	id Balance	Cash and in	vestments
SEWER OPERATIONS SEVER INFACT FUND SEVER INFACT	Fund			YID	% of	YID	% of	Deficit or	1			2
SEWER MPACT FUND Sey171249 SEWER MPACT FUND Sey171249 SEWER CAPITAL PROJECTS Sewer ATE STABILIZATION Sey375411 Sewer ATE STABILIZATION Sey375411 Sewer ATE STABILIZATION SEWER SWARP SEWER ATE STABILIZATION SEWER SWARP	No.	Fund	06-30-04	Actual	Budget	Actual	Budget	Carryover	Reserved'	Unreserved	Unrestricted	Restricted ²
SEWER MPACT FUND Sey171249 SEWER MPACT FUND Sey171249 SEWER CAPITAL PROJECTS Sewer ATE STABILIZATION Sey375411 Sewer ATE STABILIZATION Sey375411 Sewer ATE STABILIZATION SEWER SWARP SEWER ATE STABILIZATION SEWER SWARP												
SEWER MPACT FUND Sey171249 SEWER MPACT FUND Sey171249 SEWER CAPITAL PROJECTS Sewer ATE STABILIZATION Sey375411 Sewer ATE STABILIZATION Sey375411 Sewer ATE STABILIZATION SEWER SWARP SEWER ATE STABILIZATION SEWER SWARP	640	SEWER OPERATIONS	\$14 685 816	\$1 899 197	34%	\$2 788 613	43%	(\$889 416)	\$11 385 193	\$2 411 207	\$1 989 401	\$1 894 003
SEWER RATE STABILIZATION 33,975,411 \$20,643 25% \$706 33% \$19,937 \$3,905,348 \$3,905,349 43 SEWER CAPITAL PROJECTS \$14,190 39% \$399,226 32% \$1,292,368 \$20,534,119 \$4,258,827 \$3,726,341 \$391,721 55 WATER OPERATIONS \$23,500,560 \$34,703,935 40% \$2,178,549 28% \$1,292,368 \$20,534,119 \$4,258,827 \$3,726,341 \$391,721 56 WATER RATE STABILIZATION \$28,627 \$137 31% \$166 33% \$2,500,4782 4,846,540 \$4,258,700 \$2,600 56 WATER RATE STABILIZATION \$28,627 \$137 31% \$166 33% \$2,220 \$25,509 \$20,600 57 WATER RATE STABILIZATION \$28,627 \$137 31% \$166 33% \$2,220 \$25,509 \$20,600 58 WATER RATE STABILIZATION \$28,627 \$137 31% \$166 33% \$2,220 \$25,509 \$20,600 58 WATER RATE STABILIZATION \$28,627 \$137 31% \$160 33% \$2,220 \$25,509 \$20,600 58 WATER RATE STABILIZATION \$28,627 \$137 31% \$166 33% \$2,220 \$25,509 \$20,600 58 WATER RATE STABILIZATION \$28,627 \$137 31% \$166 33% \$2,220 \$25,509 \$20,600 58 WATER RATE STABILIZATION \$28,627 \$137 31% \$160 33% \$162 33% \$20,001 \$20,000			, ,,.	, ,, -				· · · · · · · · · · · · · · · · · · ·		, , , .	\$ 1,000,101	. ,
SEMER CAPITAL PROJECTS 89,822.474 \$14,199 \$39% \$399,228 \$22% \$(\$385,037) 7,439,017 \$1,998,420 \$2,236,718 \$391,721 \$600 WATER OPERATIONS 82,350,0560 \$3,470,365 40% \$2,1718,7654 29% \$1,222,366 \$20,534,119 \$4,258,277 \$3,276,341 \$3,376,341 \$3,276,341 \$3,376,341 \$3,276,341 \$3,376,341 \$3,276,341 \$3,376,341 \$3,276,341 \$3,376,341 \$3,276,341 \$3,376,341 \$3,276,341 \$3,376,341 \$3,276,341 \$3,376,341 \$3,276,341 \$3,3								. , , , , , , , , , , , , , , , , , , ,	1,010,000		\$3 995 349	ψο,σοσ,σσ1
WATER OPERATIONS				. ,					7 439 017	. , ,		
## WATER IMPACT FUND ## S45,09,099 \$5,51,034 109% \$456,252 11% \$5,054,782 4,946,940 \$4,358,790 \$4,800,271 ## WATER CAPITAL PROJECT \$9,372,780 \$2,339,422 239% \$23,311 8% \$2,100,111 \$0,33,328 \$5,199,545 \$4,161,133 \$4,800,271 ## TOTAL ENTERPRISE FUNDS \$75,251,846 \$13,714,770 \$3% \$5,239,311 8% \$2,100,111 \$0,33,328 \$5,199,545 \$4,161,133 \$4,800,271 ## TOTAL ENTERPRISE FUNDS \$75,251,846 \$13,714,770 \$3% \$5,239,800 23% \$7,476,770 \$54,576,666 \$22,149,951 \$16,224,541 \$17,982,927 ## TOTAL ENTERPRISE FUNDS \$75,251,846 \$13,714,770 \$3% \$5,239,800 23% \$7,476,770 \$54,576,666 \$22,149,951 \$16,224,541 \$17,982,927 ## BUILDING MAINTENANCE \$726,398 \$550,877 33% \$432,252 32% \$118,018 43,394 \$801,022 \$875,276 ## BUILDING MAINTENANCE \$726,398 \$550,877 33% \$432,252 32% \$118,018 43,394 \$801,022 \$875,276 ## OUNEMPLOYMENT INS \$47,278 \$71,161 27% \$371,161 26% \$351,056 \$775,549 \$121,902 ## WORKER'S COMP. \$56,534 \$342,2793 39% \$265,504 39% \$877,489 20,280 \$42,873 \$729,806 \$40,000 ## OUNEMPLOYMENT INS \$3,376,628 \$3116,962 31% \$33,257 10% \$116,348 543,401 \$2,948,666 \$2,948,664 ## OUNEMPLOYMENT INS \$810,702 \$146,881 32% \$330,463 \$134,44 ## HEUR CARNOL IN VARIO \$283,150 \$194,981,939 \$1,284,873 31% \$1,284,830 33% \$1,444 \$1,441 \$1,4			· ' ' '					· · · · · · · · · · · · · · · · · · ·				\$391 721
WATER RATE STABILIZATION \$26,627 \$137 31% \$166 33% \$28 \$2,059 \$26,509 \$26,600 \$26,600 \$3,000 \$3,000 \$2,000 \$. , ,		. , ,	φο,720,011	
WATER - CAPITAL PROJECT \$9.372 760 \$2.339.422 239% \$229.311 89% \$2.100.111 6.303.328 \$5.169.545 \$4.161.133 \$4.802.271									1,010,010	. , ,	\$26,600	ψ1,020,21 ·
TOTAL ENTERPRISE FUNDS \$75,251,846 \$13,714,770 \$3% \$6,238,000 23% \$7,476,770 \$54,578,666 \$28,149,951 \$16,264,541 \$17,382,922 \$7,000 \$10,000								· · /	6 303 328			\$4 820 271
700 DATA PROCESSING \$472.435 \$76.990 27% \$179.611 40% (\$102.621) 275.558 \$94.256 \$337.340 P.												
BUILDING MAINTENANCE \$726,398 \$550,870 33% \$432,852 22% \$118,018 43,394 \$801,022 \$875,278	TOTAL E	NTERPRISE FUNDS	<u>\$75,251,846</u>	<u>\$13,714,770</u>	<u>63%</u>	<u>\$6,238,000</u>	<u>23%</u>	<u>\$7,476,770</u>	<u>\$54,578,666</u>	<u>\$28,149,951</u>	<u>\$16,264,541</u>	<u>\$17,982,927</u>
BUILDING MAINTENANCE \$726,398 \$550,870 33% \$432,852 22% \$118,018 43,394 \$801,022 \$875,278		i									· · · · · · · · · · · · · · · · · · ·	
745 CIP ADMINISTRATION \$52,664 \$331,161 27% \$331,161 26% \$35,105 \$17,549 \$121,902 750 UNEMPLOYMENT INS.				. ,				(' ' /				
Total Internal Service Funds \$47.278			. ,			. , , . ,		\$118,018				
770 WORKERS COMP 780 EQUIPMENT REPLACEMENT 781 CORPORATION YARD				\$371,161		,	+		35,105			
EQUIPMENT REPLACEMENT \$3.375.628												
CORPORATION YARD \$283,120 \$19,216 14% \$33,257 19% \$(\$14,041) 276,573 \$(\$7,494) \$707										. ,		\$40,000
TOTAL INTERNAL SERVICE FUNDS \$810,702 \$146,881 32% \$310,463 73% (\$163,582) \$647,120 \$787,402 TOTAL INTERNAL SERVICE FUNDS \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 820 SPECIAL DEPOSITS 841 M.H. BUS RANCH A.D. \$381,939 \$1,358 n/a \$299,893 ######## (\$298,535) \$83,404 \$83,404 \$834,004 842 M.H. BUS RANCH II A.D. \$32,149 180 n/a \$31 n/a \$149 \$32,298 \$32,298 843 M.H. BUS RANCH 1998 \$1,296,650 \$3,357 24% \$651,865 73% (\$648,508) \$648,142 (\$237,960) \$886,101 844 M.H. RANCH RSMNT 2004A \$186,838 \$301,004 \$50,542 15% \$210,462 \$337,300 (\$3,428) \$400,727 845 MADRONE BP-TAXABLE \$251,768 \$532 12% \$100,128 57% (\$99,596) \$152,171 (\$1,959) \$154,131 848 TENNANT AVE,BUS,PK A.D. \$430,286 \$2,245 24% na \$2,245 \$337,300 \$432,532 TOTAL AGENCY FUNDS \$3.899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,934,084 \$32,367,311 42% \$2,88,757 12 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,93,917 \$34,688,825				. ,						. , ,		
TOTAL INTERNAL SERVICE FUNDS \$5,73,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 820 SPECIAL DEPOSITS 841 M.H. BUS.RANCH A.D. \$381,939 \$1,358 n/a \$299,893 ####### (\$298,535) \$83,404 \$83,404 \$83,404 \$842 M.H. BUS.RANCH II A.D. \$32,149 180 n/a \$31 n/a \$149 \$32,298 \$32,298 \$32,298 \$43,244 M.H. BUS.RANCH 1998 \$1,296,650 \$3,357 24% \$651,865 73% (\$648,509) \$644,142 (\$237,960) \$886,101 \$444 M.H. BUS.RANCH 1998 \$1,296,650 \$3,357 24% \$651,865 73% (\$648,509) \$548,442 (\$237,960) \$886,101 \$444 M.H. RANCH RSMNT 2004A \$188,838 \$301,004 \$90,542 15% \$210,462 \$397,300 (\$3,428) \$400,727 \$46 MADRONE BP-TAX EXEMPT \$1,298,723 \$2,823 \$500,399 62% (\$497,576) \$801,147 \$2,845 \$798,302 \$46 MADRONE BP-TAXABLE \$251,768 \$532 12% \$100,128 57% (\$99,596) \$152,171 (\$1,959) \$154,131 \$48 TENNANT AVE.BUS.PK A.D. \$430,286 \$2,245 24% na \$2,245 \$432,531 \$432,532 \$100,128 57% (\$111 \$21,525 \$100,128 57,125 \$100,128 57% (\$111 \$21,525 \$100,128 57,125				. ,					276,573	· · · /	·	
820 SPECIAL DEPOSITS 841 M.H. BUS.RANCH A.D. \$381,939 \$1,358 n/a \$299,893 ######## (\$298,535) \$33,404 \$83,404	795	GEN'L LIABILITY INS.	\$810,702	\$146,881	32%	\$310,463	73%	(\$163,582)		\$647,120	\$787,402	
820 SPECIAL DEPOSITS 841 M.H. BUS.RANCH A.D. \$381,939 \$1,358 n/a \$299,893 ######## (\$298,535) \$33,404 \$83,404	TOTAL IN	ITERNAL SERVICE FUNDS	\$5,773,849	\$1.624.873	31%	\$1.626.305	33%	(\$1,432)		\$4.578.136	\$5,835,255	\$40,000
841 M.H. BUS.RANCH A.D. \$381,939 \$1,358 n/a \$299,893 ###### (\$298,535) \$83,404 \$83,404 \$83,404 \$842 M.H. BUS. RANCH II A.D. \$32,149 180 n/a \$31 n/a \$149 \$32,298 \$32,298 \$32,298 \$32,298 \$332,998 \$32,298 \$332,998 \$32,298 \$332,998 \$332,998 \$332,998 \$332,998 \$344 M.H. BUS. RANCH 1998 \$1,296,650 \$3,357 24% \$651,6865 73% (\$648,508) \$648,412 (\$237,960) \$886,101 \$44 M.H. RANCH RSMNT 2004A \$186,638 \$301,004 \$90,542 15% \$210,462 \$397,300 (\$3,428) \$400,727 \$446 MADRONE BP-TAX EXEMPT \$1,298,723 \$2,623 \$500,399 62% (\$497,576) \$801,147 \$2,945 \$798,302 \$440,727 \$446 MADRONE BP-TAXABLE \$251,768 \$532 12% \$100,128 57% (\$99,596) \$1512,711 (\$1,959) \$1512,711 \$2,245 \$798,302 \$430,286 \$2,245 24% na \$2,245 \$432,531 \$432,532 \$432,532 \$432,531 \$432,532 \$43												
841 M.H. BUS. RANCH A.D. \$381,939 \$1,358 n/a \$299,893 ####### (\$298,535) \$83,404 \$83,404 \$83,404 \$842 M.H. BUS. RANCH III A.D. \$32,149 180 n/a \$31 n/a \$149 \$32,298 \$3	820	SPECIAL DEPOSITS									\$1,017,985	
842 M.H. BUS. RANCH II A.D. 843 M.H. BUS. RANCH 1988 \$1,296,650 \$3,357 24% \$651,865 73% \$(\$648,508) \$\$648,142 \$(\$237,960) \$\$868,101 \$844 MR RANCH RSMNT 2004A \$186,838 \$301,004 \$\$90,542 159% \$210,462 \$397,300 \$(\$34,828) \$400,727 845 MADRONE BP-TAX EXEMPT \$1,298,723 \$2,823 \$500,399 62% \$(\$497,576) \$801,147 \$2,845 \$798,302 846 MADRONE BP-TAX ABLE \$251,768 \$532 12% \$100,128 57% \$(\$99,596) \$152,171 \$1,51959 \$154,131 848 TENNANT AVE.BUS.PK A.D. \$430,286 \$2,245 24% \$111 \$24% \$111 \$24% \$111 \$221,525 \$21,625 \$21,642 \$111 \$221,525 \$21,625 \$21,414 \$111 \$24% \$111 \$24% \$111 \$21,525 \$21,525 \$21,525 \$21,625 \$21,414 \$111 \$24% \$111 \$24% \$111 \$21,525 \$21,525 \$21,6	841	M.H. BUS.RANCH A.D.	\$381,939	\$1,358	n/a	\$299,893	########	(\$298,535)		\$83,404		
843 M.H. BUS. RANCH 1998 \$1,296,650 \$3,357 24% \$651,865 73% (\$648,508) \$648,142 (\$237,960) \$886,101 844 MH RANCH RSMNT 2004A \$186,838 \$301,004 \$90,542 15% \$210,462 \$397,300 (\$3,428) \$400,727 8485 MADRONE BP-TAX EXEMPT \$1,298,723 \$2,823 \$500,399 62% (\$497,576) \$801,147 \$2,485 \$798,302 846 MADRONE BP-TAXABLE \$251,768 \$532 12% \$100,128 57% (\$99,596) \$152,171 (\$1,959) \$154,131 848 TENNANT AVE.BUS.PK A.D. \$430,286 \$2,245 24% na \$2,245 \$432,531 \$432,531 \$432,532 \$100,128 57% (\$99,596) \$152,171 (\$1,959) \$154,131 \$111 24% \$1111 24% \$1111 24% \$1111 24% \$1111 24% \$1111 \$21,525 \$21,525 \$100,128 57% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 \$100,000 \$1,	842	M.H. BUS. RANCH II A.D.	\$32,149	180	n/a	\$31	n/a	\$149		\$32,298		
844 MH RANCH RSMNT 2004A \$186,838 \$301,004 \$90,542 15% \$210,462 \$397,300 (\$3,428) \$400,727 845 MADRONE BP-TAX EXEMPT \$1,298,723 \$2,823 \$500,399 62% (\$497,576) \$801,147 \$2,845 \$798,302 848 MADRONE BP-TAX EXEMPT \$1,298,723 \$2,823 \$500,399 62% (\$497,576) \$801,147 \$2,845 \$798,302 848 TENNANT AVE.BUS.PK A.D. \$430,286 \$2,245 24% na \$2,245 \$100,128 57% \$111 \$240 \$111 \$21,525 \$432,532 \$21,525 \$21,525 \$21,414 \$111 \$24% \$111 \$24% \$111 \$21,525 \$21,525 \$21,525 \$21,525 \$21,525 \$21,414 \$111 \$24% \$111 \$24% \$111 \$24% \$111 \$21,525 \$21,52			. ,	\$3.357				(\$648.508)		. ,		\$886.101
845 MADRONE BP-TAX EXEMPT \$1,298,723 \$2,823 \$500,399 62% (\$497,576) \$801,147 \$2,845 \$798,302 846 MADRONE BP-TAXABLE \$251,768 \$532 12% \$100,128 57% (\$99,596) \$152,171 (\$1,959) \$154,131 848 TENNANT AVE.BUS.PK A.D. \$430,286 \$2,245 24% na \$2,245 \$432,531 \$432,531 \$432,532 881 POLICE DONATION TRUST FUND \$21,414 \$111 24% na \$2,245 \$432,531 \$432,531 \$432,532 TOTAL AGENCY FUNDS \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 SUMMARY BY FUND TYPE GENERAL FUND GROUP SPECIAL REVENUE GROUP SPECIAL REVENUE GROUP DEBT SERVICE GROUP \$10,898,370 \$4,855,979 29% \$6,513,670 34% (\$1,657,691) \$470,626 \$8,770,053 \$10,262,398 \$6,150 DEBT SERVICE GROUP CAPITAL PROJECTS GROUP \$30,9060 \$2,402,660 46% \$1,811,260 <td>844</td> <td>MH RANCH RSMNT 2004A</td> <td>\$186,838</td> <td>\$301,004</td> <td></td> <td>\$90,542</td> <td>15%</td> <td>\$210,462</td> <td></td> <td>\$397,300</td> <td></td> <td>\$400,727</td>	844	MH RANCH RSMNT 2004A	\$186,838	\$301,004		\$90,542	15%	\$210,462		\$397,300		\$400,727
846 MADRONE BP-TAXABLE \$251,768 \$532 12% \$100,128 57% (\$99,596) \$152,171 (\$1,959) \$154,131 848 TENNANT AVE.BUS.PK A.D. \$430,286 \$2,245 24% na \$2,245 \$432,531 \$432,532 881 POLICE DONATION TRUST FUND \$21,414 \$111 24% \$111 \$21,525 TOTAL AGENCY FUNDS \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 SUMMARY BY FUND TYPE GENERAL FUND GROUP SPECIAL REVENUE GROUP SECROLE SECR	845			\$2.823		\$500.399	62%	(\$497,576)		\$801,147		
848 TENNANT AVE.BUS.PK A.D. \$430,286 \$2,245 24% na \$2,245 \$31 \$432,531 \$432,532 \$21,525 \$32,52					12%					. ,		
881 POLICE DONATION TRUST FUND \$21,414 \$111 24% \$11,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 \$	848	TENNANT AVE.BUS.PK A.D.				•				\$432,531	\$432,532	
TOTAL AGENCY FUNDS \$3,899,767 \$311,610 \$126 \$1,642,858 \$676 \$1,331,248 \$2,568,518 \$1,325,717 \$2,260,787 SUMMARY BY FUND TYPE GENERAL FUND GROUP SPECIAL REVENUE GROUP DEBT SERVICE GROUP CAPITAL PROJECTS GROUP ENTERPRISE GROUP INTERNAL SERVICE GROUP S75,251,846 S13,714,770 S2,260,787 TOTAL ALL GROUPS \$3,899,767 \$311,610 \$126 \$1,642,858 \$676 \$1,642,858 \$676 \$1,642,858 \$676 \$1,642,858 \$6770,053 \$470,626 \$8,770,053 \$10,262,398 \$6,150 \$470,626 \$8,770,053 \$10,262,398 \$6,150 \$10,1657,691 \$1,837,374 \$1,331,343 \$1,325,314 \$1,325,717 \$2,260,787 \$4,152,858 \$1,325,717 \$2,260,787 \$1,642,858 \$1,325,717 \$2,260,787	881	POLICE DONATION TRUST FUND	\$21,414	\$111	24%			\$111		\$21,525		\$21,525
SUMMARY BY FUND TYPE GENERAL FUND GROUP \$10,898,370 \$4,855,979 29% \$6,513,670 34% (\$1,657,691) \$470,626 \$8,770,053 \$10,262,398 \$6,150 SPECIAL REVENUE GROUP \$6,644,960 \$2,402,660 46% \$1,811,260 21% \$591,400 \$1,837,374 \$5,398,986 \$6,933,263 DEBT SERVICE GROUP \$399,060 \$25,404 8% \$176,051 75% (\$150,647) \$248,413 \$50,214 \$198,200 CAPITAL PROJECTS GROUP \$33,526,232 \$9,432,615 36% \$10,167,587 24% (\$734,972) \$3,857,868 \$28,933,392 \$18,302,529 \$14,200,762 ENTERPRISE GROUP \$75,251,846 \$13,714,770 63% \$6,238,000 23% \$7,476,770 \$54,578,666 \$28,149,951 \$16,264,541 \$17,982,927 INTERNAL SERVICE GROUP \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 AGENCY GROUP \$33,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,973,917 \$34,688,825	TOTAL A	CENCY FUNDS	£3 900 767	£344.640	420/	£4 £40 0E0	679/	(64 224 240)		\$2 EC0 E40	¢4 305 747	
GENERAL FUND GROUP \$10,898,370 \$4,855,979 29% \$6,513,670 34% (\$1,657,691) \$470,626 \$8,770,053 \$10,262,398 \$6,150 SPECIAL REVENUE GROUP \$6,644,960 \$2,402,660 46% \$1,811,260 21% \$591,400 \$1,837,374 \$5,398,986 \$6,933,263 DEBT SERVICE GROUP \$399,060 \$25,404 8% \$176,051 75% (\$150,647) \$248,413 \$50,214 \$198,200 CAPITAL PROJECTS GROUP \$33,526,232 \$9,432,615 36% \$10,167,587 24% (\$734,972) \$3,857,868 \$28,933,392 \$18,302,529 \$14,200,762 ENTERPRISE GROUP \$75,251,846 \$13,714,770 63% \$6,238,000 23% \$7,476,770 \$54,578,666 \$28,149,951 \$16,264,541 \$17,982,927 INTERNAL SERVICE GROUP \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 AGENCY GROUP \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,973,917 \$34,688,825	IUIALA	GENCT FUNDS	<u>\$3,099,767</u>	<u>\$311,610</u>	1270	<u>\$1,042,030</u>	<u>67%</u>	(\$1,331,240)		<u>\$2,360,310</u>	<u>\$1,325,717</u>	<u>\$2,260,767</u>
GENERAL FUND GROUP \$10,898,370 \$4,855,979 29% \$6,513,670 34% (\$1,657,691) \$470,626 \$8,770,053 \$10,262,398 \$6,150 SPECIAL REVENUE GROUP \$6,644,960 \$2,402,660 46% \$1,811,260 21% \$591,400 \$1,837,374 \$5,398,986 \$6,933,263 DEBT SERVICE GROUP \$399,060 \$25,404 8% \$176,051 75% (\$150,647) \$248,413 \$50,214 \$198,200 CAPITAL PROJECTS GROUP \$33,526,232 \$9,432,615 36% \$10,167,587 24% (\$734,972) \$3,857,868 \$28,933,392 \$18,302,529 \$14,200,762 ENTERPRISE GROUP \$75,251,846 \$13,714,770 63% \$6,238,000 23% \$7,476,770 \$54,578,666 \$28,149,951 \$16,264,541 \$17,982,927 INTERNAL SERVICE GROUP \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 AGENCY GROUP \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,973,917 \$34,688,825	CLINANAAF	N DV FIND TVDE										
SPECIAL REVENUE GROUP \$6,644,960 \$2,402,660 46% \$1,811,260 21% \$591,400 \$1,837,374 \$5,398,986 \$6,933,263 DEBT SERVICE GROUP \$399,060 \$25,404 8% \$176,051 75% (\$150,647) \$248,413 \$50,214 \$198,200 CAPITAL PROJECTS GROUP \$33,526,232 \$9,432,615 36% \$10,167,587 24% (\$734,972) \$3,857,868 \$28,933,392 \$18,302,529 \$14,200,762 ENTERPRISE GROUP \$75,251,846 \$13,714,770 63% \$6,238,000 23% \$7,476,770 \$54,578,666 \$28,149,951 \$16,264,541 \$17,982,927 INTERNAL SERVICE GROUP \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 AGENCY GROUP \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 </td <td>SUMMAR</td> <td>RY BY FUND TYPE</td> <td></td>	SUMMAR	RY BY FUND TYPE										
DEBT SERVICE GROUP \$399,060 \$25,404 8% \$176,051 75% (\$150,647) \$248,413 \$50,214 \$198,200 CAPITAL PROJECTS GROUP \$33,526,232 \$9,432,615 36% \$10,167,587 24% (\$734,972) \$3,857,868 \$28,933,392 \$18,302,529 \$14,200,762 ENTERPRISE GROUP \$75,251,846 \$13,714,770 63% \$6,238,000 23% \$7,476,770 \$54,578,666 \$28,149,951 \$16,264,541 \$17,982,927 INTERNAL SERVICE GROUP \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 AGENCY GROUP \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,973,917 \$34,688,825		GENERAL FUND GROUP	\$10,898,370	\$4,855,979	29%	\$6,513,670	34%	(\$1,657,691)	\$470,626	\$8,770,053	\$10,262,398	\$6,150
CAPITAL PROJECTS GROUP \$33,526,232 \$9,432,615 36% \$10,167,587 24% (\$734,972) \$3,857,868 \$28,933,392 \$18,302,529 \$14,200,762 ENTERPRISE GROUP \$75,251,846 \$13,714,770 63% \$6,238,000 23% \$7,476,770 \$54,578,666 \$28,149,951 \$16,264,541 \$17,982,927 INTERNAL SERVICE GROUP \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 AGENCY GROUP \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,973,917 \$34,688,825		SPECIAL REVENUE GROUP	\$6,644,960	\$2,402,660	46%	\$1,811,260	21%	\$591,400	\$1,837,374	\$5,398,986	\$6,933,263	
ENTERPRISE GROUP \$75,251,846 \$13,714,770 63% \$6,238,000 23% \$7,476,770 \$54,578,666 \$28,149,951 \$16,264,541 \$17,982,927 INTERNAL SERVICE GROUP \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 AGENCY GROUP \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,973,917 \$34,688,825		DEBT SERVICE GROUP	\$399,060	\$25,404	8%	\$176,051	75%	(\$150,647)		\$248,413	\$50,214	\$198,200
INTERNAL SERVICE GROUP \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 AGENCY GROUP \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,973,917 \$34,688,825		CAPITAL PROJECTS GROUP	\$33,526,232	\$9,432,615	36%	\$10,167,587	24%	(\$734,972)	\$3,857,868	\$28,933,392	\$18,302,529	\$14,200,762
INTERNAL SERVICE GROUP \$5,773,849 \$1,624,873 31% \$1,626,305 33% (\$1,432) \$4,578,136 \$5,835,255 \$40,000 AGENCY GROUP \$3,899,767 \$311,610 12% \$1,642,858 67% (\$1,331,248) \$2,568,518 \$1,325,717 \$2,260,787 TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,973,917 \$34,688,825		ENTERPRISE GROUP	\$75,251,846	\$13,714,770	63%	\$6,238,000	23%	\$7,476,770	\$54,578,666	\$28,149,951	\$16,264,541	\$17,982,927
TOTAL ALL GROUPS \$136,394,084 \$32,367,911 42% \$28,175,731 27% \$4,192,180 \$60,744,534 \$78,647,449 \$58,973,917 \$34,688,825		INTERNAL SERVICE GROUP	\$5,773,849	\$1,624,873	31%	\$1,626,305	33%	(\$1,432)		\$4,578,136	\$5,835,255	
		AGENCY GROUP	\$3,899,767	\$311,610	12%	\$1,642,858	67%	(\$1,331,248)		\$2,568,518	\$1,325,717	\$2,260,787
		TOTAL ALL GROUPS	\$136 394 084	\$32 367 911	42%	\$28 175 731	27%	\$4 192 180	\$60 744 534	\$78 647 449	\$58 973 917	\$34 688 825
TOTAL CASH AND INVESTMENTS \$93,662,742			<u> </u>	ΨΟΣ,ΟΟΙ,ΘΙΙ	<u> ∓≥ /0</u>	<u> </u>	<u> </u>	Ψτ,102,100	900,177,004	910,011,110		904,000,020
		TOTAL CASH AND INVESTMENTS									\$93,662,742	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT FOR THE MONTH OF JULY 2004 FOR THE FISCAL YEAR OF 2004-05

	Invested		Book Value	Investment Category	% of	Market
	in Fund	Yield	End of Month	Subtotal at Cost	Total	Value
<u>Investments</u>			•		•	
Otata Tarana and AIF Otto	All Francis Deat 1	4.0007	004 400 450		04.05%	004 450 400
State Treasurer LAIF - City - RDA	All Funds Pooled RDA	1.60% 1.60%	\$21,493,156 \$2,788,701		24.35% 3.16%	\$21,458,426 \$2,784,195
- RDA - Corp Yard	Corp Yard	1.60%	\$52,766,701		0.06%	\$2,764,195 \$52,306
Federal Issues	All Funds Pooled	3.20%	\$49,245,652		55.80%	\$49,066,745
SVNB CD	All Funds Pooled	2.50%	\$2,000,000		2.27%	\$2,000,000
Money Market	All Funds Pooled	0.99%	\$208.014	\$75,787,913	0.24%	\$208.014
Worley Warket	All I ulius I oolea	0.5570	Ψ200,014	Ψ13,707,310	0.2470	Ψ200,014
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,805,245			
Blackrock Provident Temp Fund		0.66%	\$44,154		2.10%	\$3,246,656 *
US Bank - 1999 Water C.O.P.						
First American Treasury Obligation	Water	0.46%	\$390,261		0.44%	\$390,261 *
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	0.46%	\$886,568		1.00%	\$886,568 *
US Bank - Madrone Bus Park Tax Exempt	Madrone Bus Park	0.400/	#700.440		0.040/	# 700.440.#
First American Treasury Obligation	Agency Fund	0.46%	\$799,148		0.91%	\$799,148 *
US Bank - Madrone Bus Park Taxable	Madrone Bus Park	0.46%	¢454.004		0.17%	¢454.004.*
First American Treasury Obligation BNY - MH Ranch 2004 A	Agency Fund MH Ranch Bus Park	0.46%	\$154,294		0.17%	\$154,294 *
Blackrock Provident Temp Fund	Agency Fund	0.66%	\$486,187	\$4,565,857	0.55%	\$486,187 *
Checking Accounts	Agency Fund	0.00 /6	φ400,107	φ 4 ,303,637	0.55 /6	φ400,107
General Checking	All Funds		\$7,851,901		8.90%	\$7,851,901
Dreyfuss Treas Cash Management Account	All Funds				0.00%	\$0
Athens Administators Workers' Comp	Workers' Comp		\$40,000		0.05%	\$40,000
D. (()) 0 1			00.450	#7 000 054	0.040/	00.450
Petty Cash & Emergency Cash Various Funds		-	\$6,150	\$7,898,051	0.01%	\$6,150
Total Cash and Investments			<u>\$88,251,821</u>	<u>\$88,251,821</u>	<u>100.00%</u>	<u>\$89,430,851</u>
MH Financing Authority Investment in		1.75% to				
MH Ranch AD Imprvmt Bond Series 2004		4.50%	<u>\$4,795,000</u>			<u>Unavailable</u>

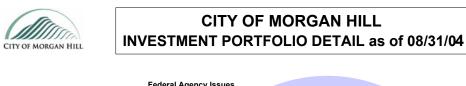
CASH ACTIVITY SUMMARY FY 04/05

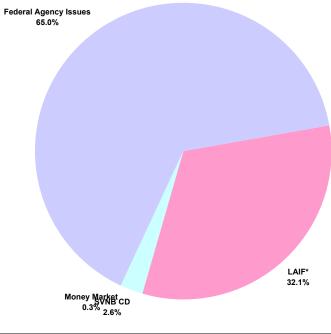
Fund Type	07/01/04 Balance	Change in Cash Balance	07/31/04 Balance	Restricted	Unrestricted
runa Type	Balatice	Cash Balance	Dalatice	Restricted	Unrestricted
General Fund	\$11,307,873	(\$1,073,719)	\$10,234,155	\$6,150	\$10,228,005
Community Development	\$1,564,866	\$146,576	\$1,711,442	\$0	\$1,711,442
RDA (except Housing)	\$6,191,592	(\$3,632,435)	\$2,559,157	\$0	\$2,559,157
Housing / CDBG	\$7,244,293	(\$378,311)	\$6,865,982	\$0	\$6,865,982
Water - Operations	\$3,236,757	\$398,305	\$3,635,062	\$390,261	\$3,244,801
Water Other	\$3,450,125	(\$4,469)	\$3,445,656	-\$86,775	\$3,532,430
Sewer - Operations	\$5,088,334	(\$898,981)	\$4,189,353	\$1,849,400	\$2,339,953
Sewer Other	\$13,072,660	(\$45,619)	\$13,027,041	\$6,314,571	\$6,712,469
Other Special Revenue	\$3,503,684	\$5,540,061	\$9,043,745	\$0	\$9,043,745
Streets and Capital Projects (except RDA)	\$23,802,360	\$84,713	\$23,887,073	\$13,423,494	\$10,463,579
Assessment Districts	\$397,995	(\$38,873)	\$359,122	\$198,200	\$160,923
Internal Service	\$6,337,439	(\$503,060)	\$5,834,379	\$40,000	\$5,794,379
Agency Funds	\$4,902,524	(\$1,442,871)	\$3,459,653	\$2,347,610	\$1,112,043
Total	\$90,100,504	<u>(\$1,848,683)</u>	\$88,251,821	\$24,482,912	\$63,768,908

Note: See Investment Porfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports. *Market Value as of 06/30/04

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

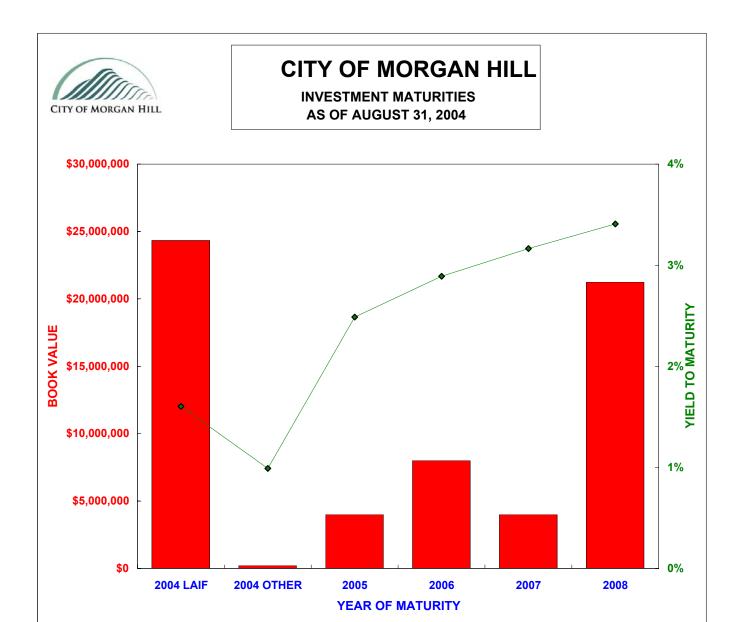
Prepared by:		Approved by:		
4	Lourdes Reroma Accountant I	, , , , , , , , , , , , , , , , , , ,	Jack Dilles Director of Finance	
Verified by:	Tina Reza Assistant Director of Finance		Mike Roorda City Treasurer	





Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*		\$24,334,246	32.11%	\$24,294,926	1.604%	\$78,254			0.003
SVNB CD	07/07/03	\$2,000,000	2.64%	\$2,000,000	2.500%	\$5,856		07/07/05	0.847
Federal Agency Issues									
Fed Home Loan Bank	05/21/04	\$2,000,000	2.64%	\$2,000,620	2.474%	\$8,336	08/21/04	11/21/05	1.222
Fed Home Loan Bank	02/26/04	\$2,000,000	2.64%	\$2,000,000	2.563%	\$8,722	08/26/04	05/26/06	1.732
Fed Home Loan Bank	06/02/04	\$2,000,000	2.64%	\$2,000,000	3.100%	\$10,503	08/02/04	06/02/06	1.751
Fed Home Loan Bank	06/07/04	\$2,000,000	2.64%	\$2,000,620	3.250%	\$11,011	09/07/04	09/07/06	2.016
Fed Home Loan Bank	03/29/04	\$2,000,000	2.64%	\$1,977,500	2.650%	\$8,929	09/29/04	12/29/06	2.326
Fed Home Loan Bank	03/18/04	\$2,000,000	2.64%	\$1,998,760	3.030%	\$10,210	09/18/04	06/18/07	2.795
Fed Home Loan Bank	03/29/04	\$2,000,000	2.64%	\$1,977,500	3.300%	\$11,120	09/28/04	12/28/07	3.323
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.64%	\$2,000,960	3.500%	\$11,793	09/12/04	03/12/08	3.529
Fed Home Loan Bank	03/26/03	\$2,000,000	2.64%	\$1,998,760	3.375%	\$11,372	anytime	03/26/08	3.567
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.64%	\$2,004,220	3.600%	\$12,197	10/16/04	04/16/08	3.625
Fed Home Loan Mgt Corp	04/17/03	\$1,995,652	2.63%	\$2,004,020	3.625%	\$12,709	10/17/04	04/17/08	3.627
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.64%	\$1,986,880	3.210%	\$10,875	12/03/04	06/03/08	3.756
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.64%	\$1,969,380	2.950%	\$9,995	10/30/04	06/12/08	3.781
Fed Home Loan Bank	07/30/03	\$2,000,000	2.64%	\$1,969,380	3.000%	\$10,161	10/30/04	07/30/08	3.912
Fed Home Loan Bank	07/30/03	\$2,000,000	2.64%	\$1,986,880	3.243%	\$11,075	10/30/04	07/30/08	3.912
Fed Home Loan Bank	07/30/03	\$2,000,000	2.64%	\$1,993,760	3.400%	\$11,515	10/30/04	07/30/08	3.912
Fed Home Loan Bank	08/14/03	\$1,250,000	1.65%	\$1,253,125	3.690%	\$7,832	08/14/04	08/14/08	3.953
Fed Home Loan Bank	10/15/03	\$2,000,000	2.64%	\$2,005,000	4.000%	\$6,776	10/15/04	10/15/08	4.123
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.64%	\$1,957,500	3.650%	\$12,299	anytime	03/16/09	4.540
Fed Home Loan Bank	03/26/04	\$2,000,000	2.64%	\$2,002,500	4.000%	\$13,478	08/26/04	03/26/09	4.567
Fed Home Loan Bank	04/06/04	\$2,000,000	2.64%	\$1,990,620	3.625%	\$12,281	10/06/04	04/06/09	4.597
Fed Home Loan Bank	04/07/04	\$2,000,000	2.64%	\$1,990,000	3.600%	\$12,197	10/07/04	04/07/09	4.600
Fed National Mortgage	04/16/04	\$2,000,000	2.64%	\$1,999,380	3.750%	\$12,705	10/16/04	04/16/09	4.625
Fed Home Loan Bank	04/29/04	\$2,000,000	2.64%	\$1,996,880	3.750%	\$12,705	10/29/04	04/29/09	4.660
Fed Home Loan Bank	05/18/04	\$2,000,000	2.64%	\$2,002,500	4.500%	\$15,163	08/18/04	05/18/09	4.712
Sub Total/Average		\$49,245,652	64.98%	\$49,066,745	3.204%	\$275,959			3.562
Money Market		\$208,014	0.27%	\$208,014	0.990%	\$91			0.003
TOTAL/AVERAGE		\$75,787,912	100.00%	\$75,569,686	2.786%	\$360,160			2.342

^{*}Per State Treasurer Report dated 08/31/2004, LAIF had invested approximately 14% of its balance in Treasury Bills and Notes, 17% in CDs, 13% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 56% in others.



YEAR OF	BOOK	MARKET	AVERAGE	% OF
MATURITY	VALUE	VALUE	RATE	TOTAL
2004 LAIF	\$24,334,246	\$24,294,926	1.604%	32.11%
2004 OTHER	\$208,014	\$208,014	0.990%	0.27%
2005	\$4,000,000	\$4,000,620	2.487%	5.28%
2006	\$8,000,000	\$7,978,120	2.891%	10.56%
2007	\$4,000,000	\$3,976,260	3.165%	5.28%
2008	\$21,245,652	\$21,172,365	3.408%	28.03%
2009	\$14,000,000	\$13,939,380	3.839%	18.47%
TOTAL	\$75,787,912	\$75,569,686	2.786%	100.00%



FUND REVENUE	ADOPTED	AMENDED	CURRENT YTD	%	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANGE
010 GENERAL FUND							
TAXES						(07.400)	-01
Property Taxes - Secured/Unsecured/Prio	2,803,396	2,803,396	387,984	14%	413,114	(25,130)	-6%
Supplemental Roll	157,500	157,500	16,337	10%	22,939	(6,602)	-29%
Sales Tax	4,600,000	4,600,000	1,450,569	32%	1,338,394	112,175	8%
Public Safety Sales Tax	252,000	252,000	62,909	25%	67,463	(4,554)	-7%
Transient Occupancy Taxes	945,000	945,000	285,118	30%	270,117	15,001	6% 7 0/
Franchise (Refuse ,Cable ,PG&E)	965,000	965,000	144,624	15%	135,208	9,416	7%
Property Transfer Tax	367,500	367,500	109,233	30%	124,376	(15,143)	<u>-12%</u>
TOTAL TAXES	10,090,396	10,090,396	2,456,774	24%	2,371,611	85,163	4%
LICENSES/PERMITS							/
Business License	155,000	155,000	210,730	136%	135,492	75,238	56%
Other Permits	46,720	46,720	623	<u>1%</u>	17,024	(16,401)	<u>-96%</u>
TOTAL LICENSES/PERMITS	201,720	201,720	211,353	105%	152,516	58,837	39%
FINES AND PENALTIES							
Parking Enforcement	12,000	12,000	1,424	12%	4,861	(3,437)	-71%
City Code Enforcement	35,000	35,000	11,708	33%	8,335	3,373	40%
Business tax late fee/other fines	1,200	1,200	1,034	<u>86%</u>		1,034	<u>n/a</u>
TOTAL FINES AND PENALTIES	48,200	48,200	14,166	29%	13,196	970	7%
OTHER AGENCIES							
Motor Vehicle in-Lieu	1,423,800	1,423,800	263,949	19%	315,130	(51,181)	-16%
Other Revenue - Other Agencies	304,400	304,400	24,813	<u>8%</u>	887	23,926	<u>2697%</u>
TOTAL OTHER AGENCIES	1,728,200	1,728,200	288,762	17%	316,017	(27,255)	-9%
CHARGES CURRENT SERVICES							
False Alarm Charge	20,000	20,000	-	n/a	9,915	(9,915)	-100%
Business License Application Review	22,000	22,000	7,623	35%	10,295	(2,672)	-26%
Recreation Classes	326,750	326,750	102,044	31%	63,122	38,922	62%
Aquatics Revenue	1,181,625	1,181,625	648,286				
General Administration Overhead	1,793,851	1,793,851	597,950	33%	669,326	(71,376)	-11%
Other Charges Current Services	190,850	190,850	75,005	<u>39%</u>	83,986	(8,981)	<u>-11%</u>
TOTAL CURRENT SERVICES	3,535,076	3,535,076	1,430,908	40%	836,644	(54,022)	-6%
OTHER REVENUE							
Use of money/property	819,261	819,261	271,194	33%	220,853	50,341	23%
Other revenues	14,000	14,000	9,847	<u>70%</u>	10,177	(330)	<u>-3%</u>
TOTAL OTHER REVENUE	833,261	833,261	281,041	34%	231,030	50,011	22%
TRANSFERS IN							
Park Maintenance	125,000	125,000	-	n/a	50,000	(50,000)	-100%
Sewer Enterprise	20,000	20,000	6,667	33%	5,833	834	14%
Water Enterprise	20,000	20,000	6,667	33%	5,833	834	14%
Public Safety	175,000	175,000	58,333	33%	91,000	(32,667)	-36%
Environmental Programs	48,100	48,100	16,033	33%		16,033	n/a
	15 000	15,000	5,000	33%		5,000	n/a
HCD Block Grant	15,000	-,					
Other Funds			80,275	<u>n/a</u>	104,000	(23,725)	<u>-23%</u>
	403,100	403,100	80,275 172,975	<u>n/a</u> 43%	104,000 256,666	(23,725) (83,691)	<u>-23%</u> -33%



FUND REVENUE	ADOPTED	AMENDED	CURRENT YTD	%	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANGE
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	674,000	674,000	177,855	26%	238,415	(60,560)	-25%
Measure A & B	-	-	-	n/a	-	-	n/a
Tea 21	-	-	-	n/a	-	-	n/a
Transfers In	700,000	800,000	225,000	28%	225,000	-	n/a
Project Reimbursement		-	167,405	n/a	-	167,405	n/a
Interest / Other Revenue/Other Charges	29,635	29,635	31,473	<u>106%</u>	114,001	(82,528)	<u>-72%</u>
202 STREET MAINTENANCE	1,403,635	1,503,635	601,733	40%	577,416	24,317	4%
204/205 PUBLIC SAFETY TRUST							
Interest Income	6,103	6,103	2,058	34%	1,993	65	3%
Police Grant/SLEF	100,000	100,000	-	n/a	-	-	n/a
PD Block Grant	-	-	-	n/a	-	-	n/a
CA Law Enforcement Equip.Grant	-	-	-	n/a	-	-	n/a
Federal Police Grant (COPS)	-	-	-	n/a	-	-	n/a
<u>Transfers In</u>				<u>n/a</u>			<u>n/a</u>
204/205 PUBLIC SAFETY TRUST	106,103	106,103	2,058	2%	1,993	65	3%
206 COMMUNITY DEVELOPMENT							
Building Fees	1,403,000	1,403,000	667,501	48%	794,843	(127,342)	-16%
Planning Fees	791,621	791,621	386,097	49%	148,118	237,979	161%
Engineering Fees	516,500	516,500	459,444	89%	118,122	341,322	289%
Other Revenue/Current Charges	26,188	26,188	9,559	37%	7,994	1,565	20%
<u>Transfers</u>		<u>-</u>		<u>n/a</u>	10,000	(10,000)	<u>-100%</u>
206 COMMUNITY DEVELOPMENT	2,737,309	2,737,309	1,522,601	56%	1,079,077	443,524	41%
207 GENERAL PLAN UPDATE	80,154	80,154	56,884	71%	34,231	22,653	66%
215 and 216 HCD BLOCK GRANT							
HCD allocation	166,440	166,440	-	n/a	-	-	n/a
Interest Income/Other Revenue	9,648	9,648	101	1%	5,583	(5,482)	-98%
<u>Transfers</u>				<u>n/a</u>			<u>n/a</u>
215 and 216 HCD BLOCK GRANT	176,088	176,088	101	0%	5,583	(5,482)	-98%
10 COMMUNITY CENTER	52,119	52,119	17,202	33%	1,446	15,756	1090%
220 MUSEUM RENTAL	-	-	-	n/a	5	(5)	-100%
225 ASSET SEIZURE	1,020	1,020	10,203	1000%	163	10,040	6160%
229 LIGHTING AND LANDSCAPE	130,766	130,766	9	0%	132	(123)	-93%
32 ENVIRONMENTAL PROGRAMS	399,491	399,491	117,185	29%	93,347	23,838	26%
234 MOBILE HOME PARK RENT STAB.	5,148	5,148	6,108	119%	3,217	2,891	90%
235 SENIOR HOUSING	5,501	5,501	1,317	24%	1,093	224	20%
236 HOUSING MITIGATION	12,031	12,031	50,949	423%	4,466	46,483	1041%
240 EMPLOYEE ASSISTANCE	29,059	29,059	13,345	46%	10,761	2,584	24%
247 ENVIRONMENT REMEDIATION		•	2,965	n/a	-	2,965	n/a
TOTAL SPECIAL REVENUE FUNDS	5,138,424	5,238,424	2,402,660	46%	1,812,930	589,730	33%



ADOPTED BUDGET 578,596 254,863 243,292	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANG
578,596 254,863	578,596					
578,596 254,863	578,596	ACTUAL	OF BUDGET	YTD	YTD	CHANG
254,863						OHANG
254,863						
•		215,097	37%	335,498	(120,401)	-36%
243.292	254,863	203,580	80%	54,022	149,558	277%
,	243,292	227,208	93%	89,753	137,455	153%
146,377	146,377	89,579	61%	60,064	29,515	49%
-	-	-	n/a	17	(17)	-100%
165,125		189,966	115%	63,726	126,240	198%
651,916	651,916	261,183	40%	794,789	(533,606)	-67%
39,568	39,568	32,950	83%	35,121	(2,171)	-6%
138,417	138,417	41,884	30%	101,272	(59,388)	-59%
17,280,277	17,280,277	140,749	1%	118,513	22,236	19%
		-	n/a		-	n/a
17,031	17,031	30,483	179%	56,821	(26,338)	-46%
		111,437	<u>n/a</u>	20,719	90,718	<u>438%</u>
17,297,308	17,297,308	282,669	2%	196,053	86,616	44%
4,737,350	4,737,350	35,187	1%	29,628	5,559	19%
112,277	112,277	52,445	47%	50,147	2,298	5%
100	100	451	<u>451%</u>	<u>591</u>	(140)	<u>-24%</u>
4,849,727	4,849,727	88,083	2%	80,366	7,717	10%
629,137	629,137	7,624,426	1212%	29,758	7,594,668	25521%
74,737	74,737	30,177	40%	46,512	(16,335)	-35%
526,000	526,000	14,006	3%	29,012	(15,006)	-52%
242,742	242,742	113,252	47%	5,376	107,876	2007%
1,069	1,069	256	24%	206	50	24%
1,201	1,201	288	24%	232	56	24%
44,399	44,399	18,011	41%	307	17,704	5767%
25.884.474	25.884.474	9.432.615	36%	1.922.084	7,510,531	391%
	651,916 39,568 138,417 17,280,277 17,031	651,916 39,568 39,568 138,417 17,280,277 17,031 17,031 17,031 17,297,308 4,737,350 112,277 100 100 4,849,727 4,849,727 629,137 74,737 526,000 242,742 1,069 1,201 144,399 44,399	651,916 651,916 261,183 39,568 39,568 32,950 138,417 138,417 41,884 17,280,277 17,280,277 140,749 17,031 17,031 30,483 17,297,308 17,297,308 282,669 4,737,350 4,737,350 35,187 112,277 112,277 52,445 100 100 451 4,849,727 4,849,727 88,083 629,137 629,137 7,624,426 74,737 74,737 30,177 526,000 526,000 14,006 242,742 242,742 113,252 1,069 1,069 256 1,201 1,201 288 44,399 44,399 18,011	165,125 165,125 189,966 115% 651,916 651,916 261,183 40% 39,568 39,568 32,950 83% 138,417 138,417 41,884 30% 17,280,277 17,280,277 140,749 1% - - 1/4 - n/a 17,031 17,031 30,483 179% - - 111,437 n/a 17,297,308 17,297,308 282,669 2% 4,737,350 4,737,350 35,187 1% 112,277 112,277 52,445 47% 100 100 451 451% 4,849,727 4,849,727 88,083 2% 629,137 7,624,426 1212% 74,737 74,737 30,177 40% 526,000 526,000 14,006 3% 242,742 242,742 113,252 47% 1,069 1,069 256 24% <td< td=""><td>165,125 165,125 189,966 115% 63,726 651,916 651,916 261,183 40% 794,789 39,568 39,568 32,950 83% 35,121 138,417 138,417 41,884 30% 101,272 17,280,277 17,280,277 140,749 1% 118,513 - n/a - n/a 20,719 17,031 17,031 30,483 179% 56,821 - - 111,437 n/a 20,719 17,297,308 17,297,308 282,669 2% 196,053 4,737,350 4,737,350 35,187 1% 29,628 112,277 112,277 52,445 47% 50,147 100 100 451 451% 591 4,849,727 4,849,727 88,083 2% 80,366 629,137 629,137 7,624,426 1212% 29,758 74,737 74,737 30,177 40% 46,512</td></td<> <td>165,125 165,125 189,966 115% 63,726 126,240 651,916 651,916 261,183 40% 794,789 (533,606) 39,568 39,568 32,950 83% 35,121 (2,171) 138,417 138,417 41,884 30% 101,272 (59,388) 17,280,277 17,280,277 140,749 1% 118,513 22,236 17,031 17,031 30,483 179% 56,821 (26,338) 17,297,308 17,297,308 282,669 2% 196,053 86,616 4,737,350 4,737,350 35,187 1% 29,628 5,559 112,277 112,277 52,445 47% 50,147 2,298 100 100 451 451% 591 (140) 4,849,727 4,849,727 88,083 2% 80,366 7,717 629,137 7,624,426 1212% 29,758 7,594,668 74,737 74,737 30,177 40%</td>	165,125 165,125 189,966 115% 63,726 651,916 651,916 261,183 40% 794,789 39,568 39,568 32,950 83% 35,121 138,417 138,417 41,884 30% 101,272 17,280,277 17,280,277 140,749 1% 118,513 - n/a - n/a 20,719 17,031 17,031 30,483 179% 56,821 - - 111,437 n/a 20,719 17,297,308 17,297,308 282,669 2% 196,053 4,737,350 4,737,350 35,187 1% 29,628 112,277 112,277 52,445 47% 50,147 100 100 451 451% 591 4,849,727 4,849,727 88,083 2% 80,366 629,137 629,137 7,624,426 1212% 29,758 74,737 74,737 30,177 40% 46,512	165,125 165,125 189,966 115% 63,726 126,240 651,916 651,916 261,183 40% 794,789 (533,606) 39,568 39,568 32,950 83% 35,121 (2,171) 138,417 138,417 41,884 30% 101,272 (59,388) 17,280,277 17,280,277 140,749 1% 118,513 22,236 17,031 17,031 30,483 179% 56,821 (26,338) 17,297,308 17,297,308 282,669 2% 196,053 86,616 4,737,350 4,737,350 35,187 1% 29,628 5,559 112,277 112,277 52,445 47% 50,147 2,298 100 100 451 451% 591 (140) 4,849,727 4,849,727 88,083 2% 80,366 7,717 629,137 7,624,426 1212% 29,758 7,594,668 74,737 74,737 30,177 40%



CITY OF MORGAN HILL	33% of Year Co	mpietea	OUDDENT			INOD (DEOD)	
FUND REVENUE	ADOPTED	AMENDED	CURRENT YTD	%	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANGE
ENTERPRISE FUNDS	505021	50502.	71010712	0. 50502.	5	5	31,5,11,02
640 SEWER OPERATION							
Sewer Service Fees	5,459,000	5,459,000	1,811,990	33%	1,784,679	27,311	2%
Interest Income	59,437	59,437	13,806	23%	16,707	(2,901)	-17%
Other Revenue/Current Charges	110,500	110,500	73,401	<u>66%</u>	71,854	1,547	2%
640 SEWER OPERATION	5,628,937	5,628,937	1,899,197	34%	1,873,240	25,957	1%
641 SEWER EXPANSION							
Interest Income	94,826	94,826	32,551	34%	21,876	10,675	49%
Connection Fees	1,100,000	1,100,000	426,388	39%	1,032,066	(605,678)	-59%
<u>Other</u>		=	264	<u>n/a</u>	264	=	n/a
641 SEWER EXPANSION	1,194,826	1,194,826	459,203	38%	1,054,206	(595,003)	-56%
642 SEWER RATE STABILIZATION	84,161	84,161	20,643	25%	16,266	4,377	27%
643 SEWER-CAPITAL PROJECT	36,527	36,527	14,199	39%	137,687	(123,488)	-90%
TOTAL SEWER FUNDS	6,944,451	6,944,451	2,393,242	34%	3,081,399	(688,157)	-22%
650 WATER OPERATION							
Water Sales	5,821,375	5,821,375	3,090,423	53%	3,067,139	23,284	1%
Meter Install & Service	40,000	40,000	45,940	115%	22,349	23,591	106%
Transfers-In, and Interest Income	2,516,848	2,516,848	22,262	1%	364,891	(342,629)	-94%
Other Revenue/Current Charges	279,688	279,688	312,310	<u>112%</u>	127,589	184,721	<u>145%</u>
650 WATER OPERATION	8,657,911	8,657,911	3,470,935	40%	3,581,968	(111,033)	-3%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	5,000,000	5,000,000	5,417,807	108%	560,898	4,856,909	866%
Water Connection Fees	200,000	200,000	93,227	47%	174,614	(81,387)	-47%
551 WATER EXPANSION	5,200,000	5,200,000	5,511,034	106%	735,512	4,775,522	649%
552 Water Rate Stabilization	445	445	137	31%	3,455	(3,318)	-96%
653 Water Capital Project	1,016,646	1,016,646	2,339,422	230%	481,073	1,858,349	386%
TOTAL WATER FUNDS	14,875,002	14,875,002	11,321,528	76%	4,802,008	6,519,520	136%
OTAL ENTERPRISE FUNDS	21,819,453	21,819,453	13,714,770	63%	7.883.407	5,831,363	74%
NTERNAL SERVICE FUNDS	21,010,400	21,010,400	10,7 14,770	3070	1,000,401	0,001,000	1470
WILKIAL SERVICE I UNDS							
30 INFORMATION SERVICES	279,995	279,995	76,990	27%	81,754	(4,764)	-6%
40 BUILDING MAINTENANCE SERVICES	1,652,610	1,652,610	550,870	33%	298,466	252,404	85%
45 CIP ADMINISTRATION	1,395,765	1,395,765	371,161	27%	430,344	(59,183)	-14%
60 UNEMPLOYMENT INSURANCE	60,484	60,484		n/a	7,363	(7,363)	-100%
70 WORKERS COMPENSATION	875,300	875,300	342,793	39%	163,570	179,223	110%
90 EQUIPMENT REPLACEMENT	373,009	373,009	116,962	31%	80,066	36,896	46%
'93 CORPORATION YARD COMMISSION	136,715	136,715	19,216	14%	38,671	(19,455)	-50%
795 GENERAL LIABILITY INSURANCE	453,709	453,709	146,881	32%	128,362	18,519	14%
OTAL INTERNAL SERVICE FUNDS	5,227,587	5,227,587	1,624,873	31%	1,228,596	396,277	32%



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-	1,358	n/a	5,939	(4,581)	-77%
842 M.H. BUS.RANCH A.D. II	-	-	180	n/a	413	(233)	-56%
843 M.H. BUS.RANCH 1998	905,353	905,353	3,357	0%	2,667	690	26%
844 M.H. RANCH REFUNDING 2004A	619,142	619,142	301,004	49%		301,004	n/a
845 MADRONE BP-TAX EXEMPT	826,553	826,553	2,823	0%	2,276	547	24%
846 MADRONE BP-TAXABLE	179,459	179,459	532	0%	456	76	17%
848 TENNANT AVE.BUS.PK A.D.	37,993	37,993	2,245	6%	61,343	(59,098)	-96%
881 POLICE DONATION TRUST FUND	465	465	111	24%	95	16	17%
TOTAL AGENCY FUNDS	2,568,965	2,568,965	311,610	12%	73,189	238,421	326%
TOTAL FOR ALL FUNDS	77,801,522	77,901,522	32,367,911	42%	17,099,897	15,264,347	89%



		THIS						
FUND		MONTH						PERCENT OF
NO.	FUND/ACTIVITY	ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	TOTAL TO
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET

	EXI ENOLO	DODOLI	DODGE	LXI LITOLO	LITOONIDITATIOL	ALLOGATED	DODOLI
010 GENERAL FUND							
I. GENERAL GOVERNMENT							
COUNCIL AND MISCELLANEOUS GOV	/T.						
City Council	15,028	174,319	179,647	57,249	2,468	59,717	33%
Community Promotions	1,830	28,114	28,114	6,132	<u> </u>	6,132	<u>22%</u>
COUNCIL AND MISCELLANEOUS GO	16,858	202,433	207,761	63,381	2,468	65,849	32%
CITY ATTORNEY	72,044	566,191	600,022	298,451	253,039	551,490	<u>92%</u>
CITY MANAGER							
City Manager	32,851	318,659	318,659	106,838		106,838	34%
Cable Television	1,468	44,961	44,961	14,298	20,600	34,898	78%
Communications & Marketing	6,577	71,045	71,045	18,509		18,509	<u>26%</u>
CITY MANAGER	40,896	434,665	434,665	139,645	20,600	160,245	37%
RECREATION							
Recreation	24,175	285,551	285,551	91,668		91,668	32%
Community & Cultural Center	106,544	1,287,874	1,346,160	354,967	132,186	487,153	36%
Aquatics Center	148,735	1,179,260	1,179,260	729,627	16,983	746,610	<u>63%</u>
RECREATION	279,454	2,752,685	2,810,971	1,176,262	149,169	1,325,431	47%
HUMAN RESOURCES							
Human Resources	47,972	485,417	485,417	152,444	_	152,444	31%
Volunteer Programs	5,446	55,912	55,912	16,464	_	<u>16,464</u>	<u>29%</u>
HUMAN RESOURCES	53,418	541,329	541,329	168,908		168,908	31%
	55,	011,020	0,020	,		,	0.70
CITY CLERK							
City Clerk	25,565	252,920	277,261	77,980	-	77,980	28%
Elections	4,779	100,296	100,296	15,181		15,181	<u>15%</u>
CITY CLERK	30,344	353,216	377,557	93,161	-	93,161	25%
FINANCE	81,540	927,325	927,325	303,905	5,250	309,155	33%
MEDICAL SERVICES	-		5,000		5,000	5,000	n/a
TOTAL GENERAL GOVERNMENT	574,554	5,777,844	5,904,630	2,243,713	435,526	2,679,239	45%
II. PUBLIC SAFETY							
POLICE							
PD Administration	70,544	614,784	614,784	194,114	_	194,114	32%
Patrol	407,195	4,106,920	4,121,520	1,311,675	8,003	1,319,678	32%
Support Services	79,738	949,449	949,449	298,364	3,443	301,807	32%
Emergency Services/Haz Mat	3,932	46.252	50,264	5,506	4,013	9,519	19%
Special Operations	150,573	1,195,840	1,203,958	472,863	10,460	483,323	40%
Animal Control	9,562	86,078	86,078	29,543	,	29,543	34%
Dispatch Services	94,095	988,927	989,577	287,428	650	288,078	<u>29%</u>
POLICE	815,639	7,988,250	8,015,630	2,599,493	26,569	2,626,062	33%
FIRE	349,531	4,194,617	4,194,617	1,398,236	-	1,398,236	33%
TOTAL PUBLIC SAFETY	1,165,170	12,182,867	12,210,247	3,997,729	26,569	4,024,298	33%
TOTAL TODAY ON ETT	1,100,170	12,102,007	12,210,271	0,001,129	20,009	7,027,200	0070
III. COMMUNITY IMPROVEMENT							
PARK MAINTENANCE	80,996	705,572	706,957	255,561	8,531	264,092	37%
TOTAL COMMUNITY IMPROVEMENT	80,996	705,572	706,957	255,561	8,531	264,092	37%
	30,003	. 50,0.1	. 50,001		0,001		4. 70



FUND		THIS						DEDCENT
FUND NO.	FUND/ACTIVITY	MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	TOTAL T BUDGET
						•	l .	
/. TRA	NSFERS							
	Public Safety	4.407	50.000	50,000	40.007	-	-	n/a
	Community Center Info Systems	4,167 -	50,000 49,025	50,000 49,025	16,667 -	-	-	n/a
	Employee Assistance	-			-	-	-	<u>n/a</u>
TO	OTAL TRANSFERS	4,167	99,025	99,025	16,667	-	-	n/a
OTAL (GENERAL FUND	1,824,887	18,765,308	18,920,859	6,513,670	470,626	6,967,629	37%
PECIAL	L REVENUE FUNDS							
02 STR	EET MAINTENANCE							
	Street Maintenance/Traffic	174,128	1,593,914	1,634,616	430,472	191,202	621,674	38%
	Congestion Management	4,577	80,329	80,329	14,439		14,439	18%
00 CT-	Street CIP	15,671	44,993	494,528	54,331	173,548	227,879	<u>46%</u>
)2 STR	EET MAINTENANCE	194,376	1,719,236	2,209,473	499,242	364,750	863,992	39%
04/205	PUBLIC SAFETY/SUPP.LAW	14,627	175,520	175,520	58,507		58,507	33%
06 COI	MMUNITY DEVELOPMENT FUND							.=
	Planning	111,359	1,086,783	1,236,714	344,290	212,311	556,601	45%
	Building	96,434	1,038,955	1,055,719	297,189	104,752	401,941	38%
6 COI	PW-Engineering MMUNITY DEVELOPMENT FUND	117,230 325,023	1,096,107 3,221,845	1,121,273 3,413,706	316,049 957,528	59,836 376,899	375,885 1,334,427	34% 39%
						·		
)7 10	GENERAL PLAN UPDATE COMMUNITY CENTER	958	60,498	147,742	12,184	214,216	226,400	153% n/a
15/216	CDBG	5,418	288,007	657,039	30,478	56,482	86,960	13%
20	MUSEUM RENTAL	-		-	-	00,102	-	n/a
-0 25	ASSET SEIZURE	-	_	_	_	36,920	36,920	n/a
29	LIGHTING AND LANDSCAPE	14,379	14,038	140,038	52,367	,	52,367	37%
32	ENVIRONMENT PROGRAMS	59,800	417,937	535,570	179,686	113,589	293,275	55%
34	MOBILE HOME PARK	887	5,202	200,545	6,047	189,900	195,947	98%
35	SENIOR HOUSING TRUST FUN	-	20,180	20,180	· -	2,415	2,415	12%
36	HOUSING MITIGATION FUND	-	1,015,000	1,015,000	-	,		n/a
40	EMPLOYEE ASSISTANCE	10,000	25,000	25,000	15,221	-	15,221	61%
OTAL S	SPECIAL REVENUE FUNDS	625,468	6,962,463	8,539,813	1,811,260	1,355,171	3,166,431	37%
APITAL	L PROJECT FUNDS							
01	PARK DEVELOPMENT	5,236	2,062,944	2,126,271	34,259	83,378	117,637	6%
)2	PARK MAINTENANCE	31,250	150,000	150,000	31,250		31,250	21%
03	LOCAL DRAINAGE	128	2,001,536	2,001,536	512		512	0%
04	LOCAL DRAIN. NON-AB1600	11,269	841,669	854,739	12,357	7,741	20,098	2%
05	OFF STREET PARKING	-	-	-	<u>-</u>		-	n/a
)6	OPEN SPACE	-	4 0		492		492	
09	TRAFFIC MITIGATION	72,214	1,050,000	2,007,433	115,171	378,167	493,338	25%
11	POLICE MITIGATION	495	88,937	98,444	1,979	10,000	11,979	12%
13 17	FIRE MITIGATION	115	101,380	132,676	460 2 606 706	9,101	9,561	7% 27%
17 27/328	RDA HOUSING	416,992	13,453,262	20,295,344	2,696,706	2,732,590	5,429,296 482,151	27% 7%
27/328 46	RDA HOUSING	155,641 6 739 915	5,824,189	6,589,093	409,526	72,625	482,151 7 305 793	7% 97%
46 47	PUBLIC FAC.NON AB1600 PUBLIC FACILITIES	6,739,915 114	553,000 1 365	7,498,199	6,864,223 455	441,570 9,750	7,305,793	97%
4 <i>1</i> 48	LIBRARY IMPACT	114	1,365 1,000,202	11,115 1,000,202	455 67	9,750	10,205 67	92% 0%
40 50	UNDERGROUNDING	33	375,390	441,037	130	31,897	32,027	7%
60	COMM/REC CTR IMPACT	-	50,000	50,000	-	31,097	J2,U21 -	n/a
OTAL C	CAPITAL PROJECTS FUNDS	7,433,419	27,553,874	43,256,089	10,167,587	3,776,819	13,944,406	32%



FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT O TOTAL TO BUDGET
DEBT SI	ERVICE FUNDS							
539	MORGAN HILL BUS. PARK A.D	-	_	-	_	_	-	n/a
542	SUTTER BUS. PARK A.D.	-	-	-	-	-	-	n/a
545	COCHRANE BUS. PARK A.D.	838	194,200	194,200	147,127	-	147,127	76%
551	JOLEEN WAY A.D.	809	39,561	39,561	28,924	-	28,924	73%
TOTAL I	DEBT SERVICE FUNDS	1,647	233,761	233,761	176,051	-	176,051	75%
ENTERP	PRISE FUNDS							
SEWER								
640	SEWER OPERATION	1,107,818	6,450,819	6,529,282	2,788,613	152,661	2,941,274	45%
641	CAPITAL EXPANSION	30,116	3,556,745	3,946,185	175,168	22,656	197,824	5%
42	SEWER RATE STABILIZATION	176	2,117	2,117	706	,	706	33%
643	SEWER-CAPITAL PROJECTS	212,403	472,539	1,229,515	399,236	365,298	764,534	62%
OTAL	SEWER FUND(S)	1,350,513	10,482,220	11,707,099	3,363,723	540,615	3,904,338	33%
VATER								
	Water Operations Division	681,926	6,541,316	6,812,203	1,886,242	272,755	2,158,997	32%
	Meter Reading/Repair	37,587	719,352	743,447	144,073	24,000	168,073	23%
	Utility Billing	36,119	392,283	392,283	130,301	14,329	144,630	37%
	Water Conservation	6,935	59,466	64,711	17,933	633	18,566	<u>29%</u>
50	WATER OPERATIONS	762,567	7,712,417	8,012,644	2,178,549	311,717	2,490,266	31%
51	CAPITAL EXPANSION	404,177	2,845,226	4,234,398	456,252	330,300	786,552	19%
52	WATER RATE STABILIZATION	41	493	493	165		165	33%
53 OTAL \	WATER-CAPITAL PROJECTS WATER FUND(S)	103,201 1,269,986	1,115,923 11,674,059	3,170,822 15,418,357	239,311 2,874,277	286,177 928,194	<u>525,488</u> 3,802,471	<u>17%</u> 25%
	ENTERPRISE FUNDS	2,620,499	22,156,279	27,125,456	6,238,000	1,468,809	7,706,809	28%
NTERN	AL SERVICE FUNDS							
'30	INFORMATION SERVICES	73,061	430,970	450,489	179,611	243,092	422,703	94%
' 40	BUILDING MAINTENANCE	177,190	1,343,445	1,343,445	432,852	43,394	476,246	35%
45	CIP ENGINEERING	133,432	1,395,765	1,431,786	371,161	34,074	405,235	28%
60	UNEMPLOYMENT	13,133	55,000	55,000	13,133		13,133	24%
70	WORKERS COMPENSATION	29,307	767,200	789,775	285,304	20,250	305,554	39%
90	EQUIPMENT REPLACEMENT	131	187,240	187,240	524		524	0%
93 95	CORP YARD COMMISSION GEN. LIABILITY INSURANCE	16,311 5,000	130,200 427,700	173,212 427,700	33,257 310,463	51,813	85,070 310,463	49% 73%
		5,000		427,700	310,463	-	310,463	13/0
OTAL I	INTERNAL SERVICE FUNDS	447,565	4,737,520	4,858,647	1,626,305	392,623	2,018,928	42%
AGENC	Y FUNDS							
841	MORGAN HILL BUS RANCH I	-	-	-	299,893	-	299,893	n/a
42	MORGAN HILL BUS RANCH II	-	-	-	31	-	31	n/a
43	MORGAN HILL BUS RANCH 98	3,147	893,395	893,395	651,865	37,946	689,811	77%
44	MH RANCH RSMNT 2004A	87,962	598,873	598,873	90,542	-	90,542	15%
45	MADRONE BP-TAX EXEMPT	1,242	800,730	800,730	500,399	-	500,399	62%
46	MADRONE BP-TAXABLE	750	175,480	175,480	100,128	-	100,128	57%
48	TENNANT AVE BUS PARK AD	-	-	-	-	-	-	n/a
81	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
OTAL A	AGENCY FUNDS	93,101	2,468,478	2,468,478	1,642,858	37,946	1,680,804	68%
REPORT	T TOTAL	13,046,586	82,877,683	105,403,103	28,175,731	7,501,994	35,661,058	34%



City of Morgan Hill Enterprise Funds Report - Fiscal Year 2004/05 For the Month of October 2004 33% of Year Completed

YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations			Water Operations				
			% of	Prior			% of	Prior
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
Operations								
Revenues								
Service Charges Meter Install & Service	\$ 5,459,000	\$ 1,811,990	33%	\$ 1,784,679	\$ 5,821,375 40,000	\$ 3,090,423 45,940	53% 115%	
Other	110,500	73,401	66%	71,854	279,688	330,532	118%	132,624
Total Operating Revenues	5,569,500	1,885,391	34%	1,856,533	6,141,063	3,466,895	56%	3,222,112
Expenses								
Operations Meter Reading/Repair Utility Billing/Water Conservation	4,682,409	1,450,790	31%	1,466,858	4,750,307 637,156 399,783	1,746,242 144,073 148,234	37% 23% 37%	1,840,348 142,762 126,522
Total Operating Expenses	4,682,409	1,450,790	31%	1,466,858	5,787,246	2,038,549	35%	2,109,632
Operating Income (Loss)	887,091	434,601		389,675	353,817	1,428,346		1,112,480
Nonoperating revenue (expense)								
Interest Income Interest Expense/Debt Services Principal Expense/Debt Services	59,437 (573,410) (975,000)		23% 50% 100%	(297,135)	, , ,		24%	11,261 - -
Total Nonoperating revenue (expense)	(1,488,973)	(1,250,684)		(1,395,428)	(536,697)	4,040		11,261
Income before operating xfers	(601,882)	(816,083)		(1,005,753)	(182,880)	1,432,386		1,123,741
Operating transfers in Operating transfers (out)	(220,000)	- (73,333)	33%	- (262,762)	2,500,000 (420,000)	(140,000)	33%	348,595 (294,757)
Net Income (Loss)	\$ (821,882)	\$ (889,416)		\$ (1,268,515)	\$ 1,897,120	\$ 1,292,386		\$ 1,177,579



City of Morgan Hill Balance Sheets - Water and Sewer Funds For the Month of October 2004 33% of Year Completed

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	2,217,210	6,359,067	3,728,341	4,187,733
Restricted ¹	1,894,003	6,056,661	391,721	6,256,852
Accounts Receivable		7,837		589
Utility Receivables	635,660		978,659	
Less Allowance for Doubtful Accounts Notes Receivable ²	(16,091)	10.027	(19,501)	
Fixed Assets ³	31,101,348	10,837 11,110,295	273,763 24,500,753	10,533,791
Total Assets	35,832,130	23,544,697	29,853,736	20,978,965
LIABILITIES				
Accounts Payable and Accrued Liabilities Deposits for Water Services & Other Deposits Deferred Revenue 4	272,911	110,628	75,292 41,663	
Bonds Payable	24,275,000		5,830,437	
Discount on Bonds and Other Liabilities	(2,565,506)		(978,154)	273,763
Accrued Vacation and Comp Time	53,326		91,552	
Total liabilities	22,035,731	110,628	5,060,790	273,763
FUND EQUITY				
Contributed Capital Retained Earnings	7,735,831		14,356,292	
Reserved for:				
Noncurrent water/sewer assets & debt	9,338,528	11,110,295	19,830,681	10,533,791
Encumbrances	152,661	387,954	311,717	616,477
Notes Receivable Restricted Cash	1,894,003	10,837	391,721	5,544,488
Total Reserved Retained Earnings	11,385,192	11,509,086	20,534,119	16,694,756
Unreserved Retained Earnings	2,411,207	11,924,983	4,258,827	4,010,446
Total Fund Equity	13,796,399	23,434,069	24,792,946	20,705,202
Total Liabilities and Fund Equity	35,832,130	23,544,697	29,853,736	20,978,965

Restricted for Bond Reserve requirements and capital expansion.
 Includes Note for Sewer Financing Agreements.
 Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



City of Morgan Hill Balance Sheets for Major Funds - Fiscal Year 2004/05 For the Month of October 2004 33% of Year Completed

RDA L/M Housing

Sewer

Water

	(Fund 010)	(Fund 317)	(Fund 327/328)	(Fund 640)	(Fund 650)
ASSETS	(contact)	(1 2222 2 2 2)	(* ************************************	(constant)	(* 2222 223)
Cash and investments:					
Unrestricted	10,262,398	2,109,030	6,665,382	2,217,210	3,728,341
Restricted ¹	6,150	, ,	, ,	1,894,003	391,721
Accounts Receivable	1,101,744	2,475	33,323		
Utility Receivables (Sewer and Water)				635,660	978,659
Less Allowance for Doubtful Accounts Loans and Notes Receivable ²	422.000	2 000 007	20 200 002	(16,091)	(19,501)
Prepaid Expense	433,086 26,898	3,606,807	28,398,892		273,763
Fixed Assets ³	20,000	71,049		31,101,348	24,500,753
				01,101,010	_ 1,000,100
Total Assets	11,830,276	5,789,361	35,097,597	35,832,130	29,853,736
LIABILITIES					
Accounts Payable and Accrued Liabilities	1,872,470	24,945	19,949	272,911	75,292
Deposits for Water Services & Other Deposits	85,106	24,945	19,949	2/2,911	41,663
Deferred Revenue ⁴	632,021	3,625,719	28,530,124		,
Bonds Payable	,	, ,	, ,	24,275,000	5,830,437
Discount on Bonds and Other Liabilities				(2,565,506)	(978,154)
Accrued Vacation and Comp Time				53,326	91,552
Total liabilities	2,589,597	3,650,664	28,550,073	22,035,731	5,060,790
FUND EQUITY					
Contributed Capital				7,735,831	14,356,292
Fund Balance / Retained Earnings					
Reserved for:					
Noncurrent water/sewer assets & debt				9,338,528	19,830,681
Encumbrances	470,626	2,732,590	72,625	152,661	311,717
Restricted Cash				1,894,003	391,721
RDA properties held for resale Loans and Notes Receivable		71,049			
Total Reserved Fund Equity	470,626	2,803,639	72,625	11,385,192	20,534,119
Designated Fund Equity ⁵	4,109,213				
Unreserved/Undesignated Fund Equity	4,660,840	(664,942)	6,474,899	2,411,207	4,258,827
Total Fund Equity	9,240,679	2,138,697	6,547,524	13,796,399	24,792,946
Total Liabilities and Fund Equity	11,830,276	5,789,361	35,097,597	35,832,130	29,853,736

General Fund

¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

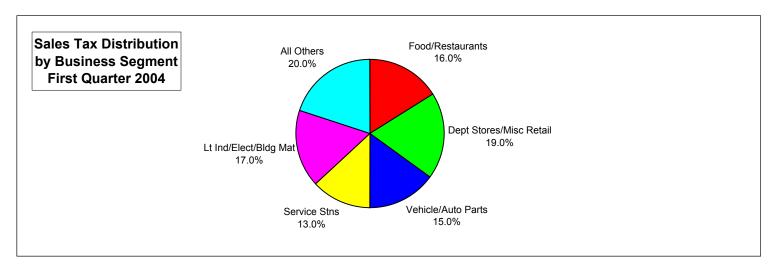
⁴ Includes the deferred payment portion of the loans noted above.

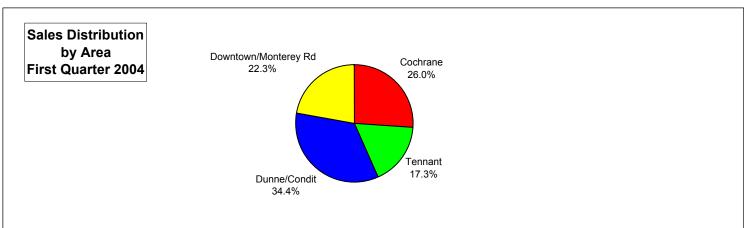
⁵ Designated for economic uncertainty, emergencies, and Fire Master Plan implementation



City of Morgan Hill
Sales Tax Comparison - Fiscal Year 2004/05
For the Month of October 2004
33% of Year Completed

	Amount Collected for Month for Fiscal Year		Amount Colle	ected YTD for	Fiscal Year	Comparison of YT	D for fiscal vears	
Month	04/05	03/04	02/03	04/05	03/04	02/03	04/05 to 03/04	04/05 to 02/03
	ļļ.	ļ.		ļļ	Į.		<u> </u>	
July	\$307,500	\$338,300	\$367,600	\$307,500	\$338,300	\$367,600	(30,800)	(60,100)
August	\$401,200	\$451,000	\$447,000	\$708,700	\$789,300	\$814,600	(80,600)	(105,900)
September	\$518,724	\$232,994	\$361,932	\$1,227,424	\$1,022,294	\$1,176,532	205,130	50,892
October	\$223,145	\$316,100	\$354,915	\$1,450,569	\$1,338,394	\$1,531,447	112,175	(80,878)
November		\$421,400	\$474,800		\$1,759,794	\$2,006,247		
December		\$331,624	\$384,154		\$2,091,418	\$2,390,401		
January		\$349,500	\$368,600		\$2,440,918	\$2,759,001		
February		\$428,600	\$487,195		\$2,869,518	\$3,246,196		
March		\$292,930	\$225,908		\$3,162,448	\$3,472,104		
April		\$340,500	\$292,698		\$3,502,948	\$3,764,802		
May		\$385,525	\$394,500		\$3,888,473	\$4,159,302		
June		\$261,782	\$477,624		\$4,150,255	\$4,636,926		
Year To Date Totals		\$1,450,569	\$4,150,255	\$4,636,926				
Sales Tax Budget for Year			\$4,600,000	\$4,650,000	\$5,330,000			
Percent of Budget				32%	89%	87%		
Percent of	increase(decreas	e)					20%	4%







CITY COUNCIL STAFF REPORT

CITY OF MORGAN HILL MEETING DATE: NOVEMBER 17, 2004

TITLE: PERFORMANCE MEASURE UPDATE – FIRST

QUARTER FY 2004/05

Receive and file

Agenda Item # 2
Prepared By:
Chu Thai
Approved By:
Finance Director
Submitted By:
City Manager

EXECUTIVE SUMMARY:

The City implemented Performance Measures into the FY 2002/03 Operating and Capital Budget, and on a quarterly basis, staff has been presenting Performance Measure Updates to the City Council. Attachment A is the update for the first quarter of FY 2004/05.

FISCAL IMPACT:

None.

09/30/04 Update Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
[010-1100] CITY COUNCIL				Responsibility: City Clerk's Office
Council/Redevelopment Agency Meeting	86	69	17	recoponisismity. Only office a office
Minutes produced	00		17	
Time required to draft, proof and edit minutes for every 4 hours of meeting time	1.5 hours	1.5 (average)	1.5 (average)	
Total time to produce minutes	425 hours	274 hours	61 hours	
Percentage of Minutes completed without errors of fact	98%	100%	100%	
Percent of Minutes completed within 2 weeks	100%	99%	100%	
[010-1220] COMMUNITY PRO		1 440		Responsibility: City Clerk's Office
Proclamations Produced	190	110	28	
Staff time to coordinate/draft requests for proclamations for Council members, staff and outside requests	1.5 hours	1.5 hours	1.5 hours	
Hours to produce all proclamations	285 hours	165 hours	42 hours	
Percentage of Proclamations completed for a particular meeting date, as requested	100%	100%	100%	
010-2410] COUNCIL SERVIC	ES 9 DECODOS MA	NAGEMENT		Responsibility: City Clerk's Office
Number of requests for public records	895	754	272	Responsibility. City Clerk's Office
Completed within: 1 day	86.7%	85.5%	84.2%	
10 days	11.8%	13.6%	15.1%	
10+ days	1.5%	0.9%	0.7%	
[010-2420] ELECTIONS DIVI	SION			Responsibility: City Clerk's Office
Number of Statement of Economic Interests filed	3	115	5	The 5 Statements of Economic Interests were
Number of Statement of Economic interests med	J	113	J	for new hire/leaving office filers Statement of Economic Interests for remainde of City designated filers are due on January 31, 2005
Percentage filed by deadline	100%	92.2%	60% (3)	
Percentage filed late	0%	7.8%	40% (2)	
[010-1500] CITY ATTORNEY				Responsibility: City Attorney's Offic

Prepared by Finance Department Page 1 of 11

100%

Standard contracts reviewed within ten days

09/30/04 Update Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
Amended Municipal Chapter Codes adopted by the City	4			
Hours of MCLE	26			
Closure of more than 50% of defense cases under \$75,000 in legal fees	100%			

[010-2100] CITY MANAGER				Responsibility: City Manager's Office
Percentage of workplan projects, City-wide, that are completed within the planned time frame, recognizing that the schedule of some projects is beyond departmental control	35%	40%	69%	
Actual General Fund expenditures as a percentage of the current General Fund budget	93%	97%	27%	
City General Fund reserves as a proportion of current General Fund revenue projections	64%	66%	53%	

[010-5145] COMMUNICATIO	Responsibility: City Manager's Office			
Pages of City Visions produced	72	80	24	Both City News and Recreation classes and activities are incorporated in a new publication, City Connection, which is produced 5 times a year. City Visions was produced monthly.
Dollars (not inclusive of staffing) spent on producing City Visions.	\$57,364	\$63,684	\$5,808	This includes design, printing and mailing costs.
Dollars per page of City Visions produced and distributed.	\$797	\$796	\$242	The costs are substantially lower than prior years because newsprint-grade paper is used and a less-expensive design firm was selected.

[010-2110] RECREATION DI	VISION	Responsibility: Recreation and Community Services Division		
Overall cost of staff time to develop Recreation Guide, recruit instructors, negotiate contracts	\$37,921	\$15,100	N/A	Recreation Guide is now managed by the City Manager's Office
Overall cost produce and advertise recreation classes	\$9,064	\$2,517	N/A	Recreation Guide is now managed by the City Manager's Office
Cost per participant to produce Recreation Guide	\$4.17	\$1.60	N/A	Recreation Guide is now managed by the City Manager's Office
Number of participants citywide	2,171	1,567	1,462	
Percentage of classes rated by customers as "Good" to "Excellent" on a scale of 1 to 5	N/A	N/A		New for FY 04/05
Percentage of classes that meet enrollment and are held vs. total classes offered	N/A	N/A	62% of classes offered met minimum enrollment	New for FY 04/05

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09/30/04 Update Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
Percentage of classes implemented which meet cost recovery goal of instructor fee and room rental	N/A	N/A	79%	79% of classes held at the CCC meet cost recovery goal for instructor fee and room rental fee
Percent cost recovery for Recreation Division	5.2%	13%	88%	Represents entire revenue including Gavilan rent and all expenditures associated with CCC

[010-2115] COMMUNITY AND CULTURAL CENTER			Responsibility: Recreation and Community Services Division	
Facility rentals	117	541	157	
Playhouse rentals	N/A		5	

[010-2120] AQUATICS CENTER			Responsibility: Recreation	on and Community Services Division
Number of participants	N/A	N/A	838/32,889	Swim lesson participants/gate count
Cost recovery of concession	N/A	N/A		

[010-2210] VOLUNTEER SERVICES PROGRAM			Responsibility: Recreation	on and Community Services Division
Number of external requests for municipal volunteer opportunities to number of actual placements	50 to 18	92 to 45	7 to 4	
Number of internal requests for volunteers to number of actual placements.	12 to 11	17 to 13	13 to 7	

[010-2200] HUMAN RESOURCES OFFICE			Respo	onsibility: Human Resources Department
Cost of providing 24 hours of enhanced training (beyond legal requirements) to each employee per year (est. \$250 per employee)	\$37,307	\$38,830	\$18,481	
Number of recruitment processes which include selection criteria such as: flexibility, change management, attitude to work, fit for the organization, etc., in addition to the task requirements of the position	4 of 4	14 of 14	7 of 7	This is now standard in <u>all</u> recruitment and selection processes in the City
Number of employees recognized for exemplary customer service, new ways of accomplishing work, successful cost reducing ideas, years of service	125	80	0	Pass the Buck awards not collected during the 1st quarter
Number of HR staff hours spent in training, communicating and consulting to the number of HR staff hours spent recruiting to fill vacant positions.	3.5 to 4	4.5 to 4	4 to 4	
Average cost to recruit and hire a new employee	\$2,500	\$2,000	\$1,500	Reduced advertising

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09/30/04 Update Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
Percent of increase in customer satisfaction based on employee opinion survey follow-up	N/A	0%		No data available for this period
Training hours provided to employees	N/A	0%	191 hours	
[770-8220] WORKERS COMP	PENSATION INSURA	NCE	Resnor	nsibility: Human Resources Departme
Number of workers' compensation claims involving temporary disability benefits	9	14	2	olami, i i i i i i i i i i i i i i i i i i
Number of lost work days caused by temporary disability	739	840	94.5	4 employees on time loss
Average number of days to bring an injured employee off temporary disability	74	60	24	
[010-2510] FINANCE				Responsibility: Finance Departmer
Staff hours designated for Accounts Payable	2,000 hours	1,660	455	1.00ponoisinty. I manoe bepartmen
Invoices processed	13,871	13,826	3,677	
% of invoices paid by due date	86%	88%	88%	
Average time to process an invoice	8.66 minutes	7.20 minutes	7.42 minutes	
[650-5750] UTILITY BILLING	6 – SEWER & WATE	R		Responsibility: Finance Departmen
Staff hours designated to Utility Billing	4,168	3,800	996	
Bills processed per year	134,270	137,206	34,973	
Percent sent out error free	96.9%	99.9%	99.9%	
Average time to process a bill	1.87 minutes	1.66 minutes	1.71 minutes	
[240-2610] EMPLOYEE ASSI	TANCE PROGRAMS			Responsibility: Finance Departmer
New computer loans granted	N/A	47	7	
[795-8210] GENERAL LIABIL	ITY INSURANCE			Responsibility: Finance Departmer
Percent of claims responded to within the statutory time frame of 45 days, either through a rejection of the claim or through a proposed resolution.	78%	100%	100%	
[010-3205] POLICE ADMINIS	TRATION			Responsibility: Police Departmen
Number of citizens' complaints regarding police services to the number of hours spent	100.85 hours (31 complaints)	70 Hours (10 Complaints)	16 Hours (2 Complaints)	,

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processing complaints.

<u>09/30/04 Update</u>	Actual Result for 2002-03	Actual Result for 2003-04		Explanatory Comments (as needed)
Performance Measure			09/30/04	
Percent of formal citizens' complaints resolved within 45 days of receipt.	50%	75%	100%	
Percentage of sworn personnel who receive 24 hours of Continued Proficiency Training	42%	73%	15%	
Deficiencies reported in the annual POST audit	0	No audit this year	No audit this quarter	

[010-3210] POLICE FIELD O	Responsibility: Police Department			
Number of self initiated contacts compared to	SI – 15,363	SI – 14,009	SI – 3,500	
the number of calls for service.	CFS – 25,668	CFS - 20,114	CFS – 4,761	
Percent of clearance in Part I and Part II crime	MH 13%	MH 7%	MH 17%	
rates in Morgan Hill compared to the national	National 21%	National 21%	National 21%	
rate				
Percent of Priority I calls responded to within 5	100%	100%	100%	
minutes of receipt				
CFS prior to and after implementation of POP	N/A	25 Prior/53 After	75 Prior/15 After	
project				

[010-3225] POLICE SUPPOR	Responsibility: Police Department			
Number of hours per week dedicated to the property/evidence function	35 hours/week	40 hours/week	40 hours/week	
Percent of property/evidence released or purged within 30 days of clearance	100%	100%	100%	
Percent of arrests entered into CJIC within 48 business hours of arrest date	100%	100%	100%	
Number of incident reports stored electronically	5,184	4,589	1108	

[010-3230] EMERGENCY SE	Responsibility: Police Department			
Hours of preparedness presentations given to the community	176 hours	51 hours	32	
Number of organized CERT teams capable of operating within the City	6 teams of 15-25 members	6 teams of 15-25 members	2 teams of 15-25 members	
Number of emergency drills/exercises	3	1	0	
Number of sections of the disaster plan updated annually	2 new additions	New plan pending	Part I of III complete	

[010-3245] POLICE SPECIAL	OPERATIONS			Responsibility: Police Department
Number of investigations assigned to Special	190	228	38	
Operations				

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09/30/04 Update Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
Number of incidents investigated by division personnel submitted to the D.A.'s Office requesting the issuance of a criminal complaint	75	71	18	
Number of Neighborhood Watch Programs presented to the community	N/A	26	4	
Number of arrests made by Detectives based on observed crime patterns	N/A	N/A	18	New to FY 04/05
Percent of criminal incidents reduced at schools	N/A		44%	New to FY 04/05
Variance of Clear Part 1 crimes compared to National rate	N/A		MH 17% National 21%	New to FY 04/05
Percent of felony warrants executed from the warrant file	N/A		1%	New to FY 04/05

[010-5450] ANIMAL CONTRO	Responsibility: Police Department			
Hours per week spent enforcing animal license provisions of State law and local ordinance	8 hours/day	40 hours/week	40 hours/week	
Number of animal licenses issued to Morgan Hill residents	1,128	716	216	
Number of Morgan Hill impounded animals returned to their owners within 4 days	32	59	7	
Number of unlicensed dogs impounded or owners cited compared to the number of licensed dogs	135 1,123	81 unl.imp./781 lic. 15 cited	7 unl.imp./216 lic. 4 cited	
Percent of unaltered to altered Morgan Hill animals receiving licenses	N/A	22% 141/640	21% 37/179	

[010-8270] POLICE DISPATO	Responsibility: Police Department			
Number of 911 calls received	6,500	6,314	2,369	
Average time to answer 98% of 911 phone calls		11 seconds	9 seconds	
	(30% less than 5 seconds)	(29% less than 5 seconds)	(35% less than 5 seconds)	
Average time between receipt of a Priority I call and dispatch of a unit.	1:57	2:18	1:51	

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<mark>09/30/04 Update</mark> Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
[206-5120] PLANNING			Responsibility: (Community Development Departmen
Number and percent of SR Applications processed within 90 days¹ (excluding CEQA projects requiring initial study or EIR) ¹ For FY 04/05 the performance measure will be the percent processed within 80 days	32 applications: 9 incomplete, 18 completed within 90 days of application, 5 went before ARB within 90 days of app. = 100%	23 applications: 11 approved within 90 days; 1 approved in 91 days; 1 set for ARB meeting within 90 days; 6 cannot go before ARB until CC & PC approves related projects; 4 incomplete = 96%	7 applications, 4 approved within 90 days, 1 set for ARB meeting within 90 days, 2 applications are incomplete=100%	
Number of applications filed which require Architecture Review Board, Planning Commission or City Council approval	219	185	74	
Percent of RDCS Projects provided 30-day notice of default or expiration of allotment	99%	100%	100%	
Number of applications (which require ARB, PC or CC approval) processed per planner	Senior – 65 Assoc – 56 Asst – 44 Staff – 54	Senior – 37 Assoc – 114 Staff – 34	Senior 10 Associate 32 Staff 32	
Percent of DRC comments received on time	85%	70%	65%	
[206-5130] BUILDING DIVIS	ION		Responsibility (Community Development Departmen
Percentage of inspections accomplished within a 24 hour response timeline	100%	96.5%	98.0%	
Number of complaints processed	210	908	250	
Number of Code Enforcement cases investigated or mitigated	188	871	240	
Percent of Code Enforcement cases completed and closed	91%	96%	96%	
Percent of Permits issued over the counter	N/A	N/A	55%	New for FY 04/05. 210 of 381 permits issued over the counter

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09/30/04 Update Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
[010-5440] PUBLIC WORKS	PARK MAINTENANC	Res	sponsibility: Public Works Department	
Average Customer Work Order Response Time				
Non-Emergency	2 Days, 14 Hours	1 Day, 20 hours	18 Hours, 28 Minutes	
Emergency	0	0	0	
Annual Maintenance Cost	\$14,136/acre	\$12,600./acre	Result Recorded Annually	

[202-6100] PUBLIC WORKS	STREET MAINTENA	Re	sponsibility: Public Works Department	
Average Customer Work Order Response Time Non-Emergency Emergency	4 Days 1.5 Hours	1 Day, 7.5 hours 22 Minutes	1 Day, 6 Hours, 27 Minutes 1 Hour, 12 Minutes	
Vegetation Abatement Program	N/A	4 th qtr = 75% complete	N/A	This measure can not be an annual cumulative number. 100% of abatement typically must be accomplished in each the 3 rd and 4 th quarters of a given fiscal year.
Storm Drain System Facilities	N/A	100% complete	50% Complete	100% of our system critical area will have been checked, cleaned and reported at the end of the next reporting period.
Repair Maintenance Related Permanent Asphalt	N/A	117 Tons	50 Tons	
Curb Miles of Roadside Weed Abatement	27.27 Curb Miles	N/A	N/A	
Tons of Debris Removed by Street Sweeping	423 Tons	N/A	N/A	

[206-5410] PUBLIC WORKS ENGINEERING				sponsibility: Public Works Department
Number of Final Maps Recorded	16	8	4	
Number of Plan Checks returned on time	145 out of 166	162/182	37/41	
Number of Planning/Building Division referrals received	127	136	35	
Hours spent inspecting public improvements constructed by private developers	2,170	1,854	714	

[232-5800] SOLID WASTE MANAGEMENT DIVISION			Responsibility: Public Works Department		
Dollars spent communicating recycling information (excluding employee services)	\$87,044	\$81,348	\$11,229		
Tons of recycling collected	8,992	9653	2,538		
Number of environmental promotions distributed	10	12	5		
Percentage of customers ranking their solid waste management services "good" or "excellent"	N/A	94%	N/A	Biennial Measure	

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09/30/04 Update Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
Percentage of customers who say they have enough information to properly participate in the City's recycling program	N/A	79%	N/A	Biennial Measure
Percentage of customers participating in the recycling program	63%	63%	59%	
Solid waste diversion rate	47%	50%	N/A	Available in February
Dollars spent communicating recycling information per ton of recycling collected	\$9.68/ton	\$8.43/ton	\$4.42 / ton	

[640-5900] PUBLIC WORKS	SEWER OPERATION	Re	sponsibility: Public Works Department	
Average Customer Work Order Response Time Non-Emergency Emergency	20 Hours 12 Minutes	1 Day, 16 hours 28 Minutes	17 Minutes 5 Minutes	
Sewer Main Restrictions Cleared	29	24	21	
LF Sewer Main Flushed/Restrictions Cleared	705035	707,600	101,742	

[650-5710] PUBLIC WORKS WATER OPERATIONS			Res	sponsibility: Public Works Department
Average Customer Work Order Response Time				
Non-Emergency	21 Hours	18 Hours	1 Day, 3 Hours, 56 Minutes	
Emergency	22 Minutes	16 Minutes	10 Minutes	

[650-5720] PUBLIC WORKS	METER READING	Responsibility: Public Works Department		
Average Customer Work Order Response Time Non-Emergency	18 Hours	21 Hours	18 Hours, 51 Minutes	
Emergency Fire Hydrant Maintenance Performed	14 Minutes 414	7 Minutes 146	15 Minutes 0	Painting during summer & fall, Maintenance during winter
Water Meter Tested - 2" or Greater	20	20	0	Testing started in October 2004
Annual Cost to Read a Meter	\$0.59 per meter	\$0.57 per meter	Results Recorded Annually	

[650-5760] WATER CONSER	VATION	Responsibility: Public Works Departme		
Cooperative efforts with Santa Clara Valley	3	3	Results Recorded Annually	
Water District to reduce water consumption				

[745-8280] PUBLIC WORKS CIP ADMINISTRATION			Res	sponsibility: Public Works Department
Number of Engineering Division hours worked	10,879	8,540	1,995	
on all CIP Projects				

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<u>09/30/04 Update</u> Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
Number of CIP projects awarded	17	13	2	
Percentage of CIP projects completed within Council approved contingency	90%	90%	100%	
Hours spent inspecting public improvements constructed as CIP projects	3,303	1,698	699	

[317-7000] BUSINESS ASSIS	TANCE - ADMINIS	TRATION Respon	nsibility: Business Assis	tance and Housing Services Department
Value of building permits pulled for commercial or industrial buildings and tenant improvements	\$11.1 million	\$16,092,091	\$6,575,611	FY04-05 changed to include buildings and tenant improvements
Square footage in building permits pulled for new commercial/industrial buildings and tenant improvements	227,381	180,269	134,963	FY04-05 changed to include buildings and tenant improvements
Amount of sales or property tax generated from new businesses	\$92,700	163,516	6,707	
Number of new businesses generating sales tax revenue	209	13	5	
Amount of square footage of commercial/ industrial buildings and tenant improvements developed by businesses receiving ombudsman assistance	N/A	177,141	5,282	FY04-05 changed to include buildings and tenant improvements
Number of jobs created/retained by businesses receiving ombudsman assistance	N/A	649	21	
Number of marketing packets distributed to prospective businesses	N/A	290	30	
Number of businesses receiving ombudsman assistance	N/A	123		
Percent of new commercial/industrial buildings and tenant improvements developed by businesses receiving ombudsman assistance	N/A	N/A	27.03%	New category for FY04-05

[327-7100] HOUSING		Respon	sibility: Business Assistand	ce and Housing Services Department
Number of Refinance application requests	110	89	19	
Number of BMR Rental and Homeownership application requests	358	163	77	
Number of Refinancing requests approved	291	34	6	
Number of BMR rental and Homeownership applications approved	Included Above	121	57	
Number of BMR Rental and BMR units sold	22	51	10	
Number of Refinance, BMR Rental and Homeownership applications received per F.T.E. staffing for the program	250/FTE	203.5/F.T.E	79.5/F.T.E.	

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09/30/04 Update Performance Measure	Actual Result for 2002-03	Actual Result for 2003-04	Status of measure as of 09/30/04	Explanatory Comments (as needed)
Amount of Agency funds contributed per new rental unit	N/A	N/A	N/A	New for FY 04/05. No information available for this quarter
Leverage ratio of Agency funds to other funds for rental projects	N/A	N/A	N/A	New for FY 04/05. No information available for this quarter
Amount of Agency funds contributed per new ownership unit	N/A	N/A	N/A	New for FY 04/05. No information available for this quarter
Leverage ratio of Agency funds to other funds for ownership projects	N/A	N/A	N/A	New for FY 04/05. No information available for this quarter

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BORELLO 11

CITY COUNCIL STAFF REPORT MEETING DATE: November 17, 2004

ANNEXATION APPLICATION, ANX-02-02: COCHRANE-

RECOMMENDED ACTION(S):

1. Adopt Resolution approving Annexation.

EXECUTIVE SUMMARY:

This application is a request to annex two parcels totaling approximately 15 acres into the City of Morgan Hill. The project site is located East of Peet Road, between Cochrane Road to the North and West and Half Road to the South. The site is surrounded on two sides by the existing City Limits. Inclusion of the parcels into the City would represent a logical adjustment of the City's Boundary.

The project site is located within the City's Urban Service Boundary. Existing water and sewer lines are available within the site vicinity, and are of sufficient size to service future developments of the site. The project site is also within the established response time standard for fire service.

On July 31, 2002, the City Council voted unanimously (5-0) to recommend approval of the annexation. A copy of the City Council staff report, and meeting minutes are attached as background information (Refer to Attachment A).

On June 2, 2004, the City Council held a protest hearing to accept written protests from property owners. Since no written protests were received at the hearing, the City Council chose to terminate the protest proceedings and allow the annexation to proceed. Adoption of the attached resolution will allow the annexation to be recorded and become final. A copy of the City Council staff report and meeting minutes are attached as background information (Refer to Attachment B).

FISCAL IMPACT: None. Filing fees were paid to the City to cover the cost of processing this application.

Attachments

- 1. Resolution
- 2. Vicinity Map
- 3. Attachment A: July 17, 2002 City Council staff report and July 31, 2002 minutes
- 4. Attachment B: June 2, 2004 City Council staff report and minutes

Agenda Item #3	
Prepared By:	
Planning Intern Approved By:	
Planning Manager	
Submitted By:	
City Manager	

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL MAKING DETERMINATIONS AND APPROVING THE REORGANIZATION OF TERRITORY DESIGNATED COCHRANE ROAD ANNEXATION NO. 11," APPROXIMATELY 15.6 ACRES LOCATED ON THE EAST SIDE OF PEET ROAD, BETWEEN COCHRANE ROAD TO THE NORTH AND WEST AND HALF ROAD TO THE SOUTH, AND WITHDRAWAL OF SAID TERRITORY FROM THE SOUTH SANTA CLARA COUNTY FIRE PROTECTION DISTRICT. (APNS 728-34-006 THRU 007)

WHEREAS, a written petition for the annexation of certain territory to the City of Morgan Hill and detachment of said territory from the County of Santa Clara, consisting of 15.6 acres on Hill Road (APNS 728-34-006 Thru 007) has been filed in the office of the City Clerk of Morgan Hill; and

WHEREAS, said territory is uninhabited and all owners of land included in the proposal consent to this annexation;

WHEREAS, Section 56757 of the California Government Code states that the Local Agency Formation Commission shall not review an annexation proposal to any City in Santa Clara County of unincorporated territory which is within the urban service area of the city if initiated by resolution of the legislative body and therefore the City Council of the City of Morgan Hill is now the conducting authority for said annexation; and

WHEREAS, Government Code Section 56663(a) provides that if a petition for annexation is signed by all owners of land within the affected territory, the City Council may approve or disapprove the annexation without public hearing: and

WHEREAS, evidence was presented to the City Council;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL AS FOLLOWS:

SECTION 1: That the City Council is the conducting authority pursuant to Section 56757 of the Government Code for the annexation of property designated "COCHRANE ROAD ANNEXTION No. 11," more particularly described in Exhibits "A and B";

SECTION 2: The territory described is hereby detached from the South Santa Clara County Fire Protection District. (APNS 728-34-006 thru 007)

SECTION 3: The following findings are made by the City Council of the City of Morgan Hill:

- a. That said territory is uninhabited and comprises approximately 15.6 acres.
- b. That the annexation is consistent with the orderly annexation of territory within the City's urban service area and is consistent with the City policy of annexing when all city services can be provided.
- c. A negative declaration has been approved for parcels 728-34-006 thru 007.
- d. That the territory is within the City's Urban Service Area as adopted by the Local Agency Formation Commission of Santa Clara County.
- e. That the County Surveyor has determined the boundaries of the proposed annexation to be definite and certain, and in compliance with the Commission's road annexation policies. The City shall reimburse the County for the actual cost incurred by the County Surveyor in making this determination.
- f. That the proposed annexation does not create islands or areas in which it would be difficult to provide municipal services.
- g. That the proposed annexation does not split lines of assessment or ownership.
- h. That the proposed annexation is consistent with the City's General Plan.
- i. That the territory to be annexed is contiguous to existing City limits.
- j. That the City has complied with all conditions imposed by the commission for inclusion of territory in the City's urban service area.

SECTION 4: The Council finds that all property owners and registered voters have been provided written notice of this proceeding and no opposition has been received.

SECTION 5: Said annexation is hereby ordered without any further protest proceedings pursuant to Sections 56663(c) and 56663(d) of the California Government Code.

BE IT FURTHER RESOLVED that upon completion of these reorganization proceedings, the territory annexed will be detached from the unincorporated portion of the County of Santa Clara.

City of Morgan Hill Resolution No. Page 3

BE IT FURTHER RESOLVED that upon completion of these reorganization proceedings, the territory annexed will be taxed on the regular county assessment roll, including taxes for existing bonded indebtedness.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 17th Day of November, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on November 17, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
·	IRMA TORREZ, City Clerk

FIRST QUARTER REPORT ON 2004-05 WORKPLAN

		.	
ECOMME	NDED ACT	ION:	
ccept repor	·t		

Agenda Item #4
Prepared By:
Asst. to the City Mgr.
Submitted By:
City Manager

EXECUTIVE SUMMARY:

Attached is the First Quarter report on the Fiscal Year 2004-05 workplan. Each year, in conjunction with the development of the City budget, departments and divisions develop workplans to document special projects that are beyond regular and routine responsibilities. Several high-priority projects identified by the Council are included in the workplan, as are major construction projects such as the Indoor Recreation Center, the Library, and other important capital improvement program projects.

When developing the workplan, departments and divisions identify major tasks associated with particular projects and estimate the time required for completion of each task. The black lines on the report correspond with the *expected* timeline, or baseline, for completing particular tasks. The colored bars above the baseline indicate when the tasks were *actually* started and completed. If the bar is in blue, it means that staff expect the task to be completed on the originally scheduled timeline. If the bar is green, the task is expected to be completed ahead of schedule. Red bars mean the task is expected to be completed later than originally planned, and yellow bars mean that the task is on hold.

This report shows the status of all workplan projects as of September 31, 2004. At that date, 69% of the 2004-05 workplan projects were expected to be completed ahead of schedule or on time. Twenty-eight percent of the projects were expected to be late, and 4% were on hold.

Several factors affect whether or not a given project will be completed on schedule. In some cases, such as the Walnut Grove Planned Unit Development and the Urban Limit Line Study, additional time has been required to address community concerns. In other cases, the original timeline – which staff knew was aggressive – simply could not be met. This was the case for the Community Development Department Director recruitment and for the implementation of the new finance and accounting software. In other cases, projects were affected by the actions of outside entities, as was the case in the construction of the Tennant-101 traffic signal where the CalTrans review of the project took three times longer than it had in past projects. Other projects have changed focus since the workplan was developed. The planned facilities management study was not completed, with facilities management being evaluated as part of the Administrative Services Department study instead. The Police Department opted not to conduct a customer service survey this year, and so the associated workplan tasks will not be completed.

Staff will continue to report quarterly on workplan status for the rest of the fiscal year.

FISCAL IMPACT:

No budget adjustment required.



CITY COUNCIL STAFF REPORT

MEETING DATE: November 17, 2004

ADOPT PARKS MAINTENANCE STANDARDS

RECOMMENDED ACTION: Approve the attached Parks Maintenance Standards as recommended by the Parks and Recreation Commission.

EXECUTIVE SUMMARY: In 2001 the City completed the Parks Facility and Recreation Programming Master Plan. It recommends the establishment of a measurable set of standards for park maintenance, baseline standard achievement goals, annual review of whether the baseline standard has been achieved, and annual action plan of how to incrementally improve the baseline standards. The attached standards meet these purposes, and were approved by the PRC at their August 17, 2004 meeting.

Agenda Item # 5
Prepared By:
Dep Dir Public Works
Approved By:
Public Works Director
Submitted By:

City Manager

The Master Plan findings stated that due to a lack of funding "some parks have not been maintained to a desirable level" and that deferred maintenance in areas such as out-dated irrigation systems, along with the need to renovate field areas will need attention to bring parks up to desirable levels.

In Fiscal Year 2004-05 the City faced a budget challenge by having to save approximately \$1.2 million in the General Fund. Parks services are funded exclusively by the General Fund therefore were asked to reduce expenditures by 15%. To accomplish this staff proposed and Council approved establishing high and low priority areas for each park. It is upon this baseline that the maintenance standards herein are based. The high priority/low priority approach to meeting budget reductions places a higher maintenance priority on athletic fields and high use public areas, playground safety, restroom and BBQ area cleaning. Low priority areas are generally turf areas between park pathways and fences and adjacent to parking lots. Formalizing park maintenance standards based on a high priority/low priority approach supports the achievement of the following goals:

- Clearly identifies for workers, managers and the general public which areas will receive a higher level of maintenance than others. (Appendix B)
- Allows resources to be placed on high turf use areas, park safety and cleanliness.
- Sets realistic standards for both high priority and low priority areas.
- Establishes a plan for future increases and decreases in funding levels.
- Sets monetary guidelines and expectation levels for workers and managers.
- Improves coordination and communications between maintenance managers, facility users and those scheduling facilities to minimize over use and to schedule turf renovation periods.

The creation of high and low priority areas within the park system provides a long term budgetary strategy for fluctuating General Fund resources allocated for park maintenance. When additional resources are available, instead of returning low priority areas back to irrigated turf, resources are placed on upgrading and automating irrigation systems and repairing/replacing park structures in high priority areas. When fewer resources are available they need to be directed toward park safety, cleanliness, athletic fields etc.

In addition as future funding becomes available, consideration will be given to creating "useable spaces in these low priority areas (i.e. climbing boulders, playground areas, basketball courts, shuffle board or other recreation leisure "non-structured" uses.) These uses would be developed considering the diverging goals of low maintenance and creating useful spaces.



CITY COUNCIL STAFF REPORT

MEETING DATE: NOVEMBER 17, 2004

EMERGENCY AUTHORIZATION FOR PLACEMENT OF SLOPE EROSION PROTECTION

RECOMMENDED ACTION(S):

- 1) Adopt the attached Resolution declaring an emergency for the placement of slope erosion protection on slopes at the Monterey Road Underpass
- 2) Appropriate \$8,000 from unappropriated Fund 346 (Measure C- Capital Improvement Project) fund balance for the project.

EXECUTIVE SUMMARY: Monterey Road is the major north-south Arterial Roadway in the City of Morgan Hill which carries large traffic volumes during

commute hours. The Monterey Road/UPRR Undercrossing Pedestrian and Bikeway Improvement Project completed in late summer of 2004 did not include landscaping improvements. Early fall rains of 2004 caused concern for potential slope erosion and did not allow for sufficient time to create plans, specifications, and contact documents to provide slope erosion protection improvements. The Monterey underpass is drained by a storm drain pumping system which cannot function properly if storm water runoff includes excessive silt from soil erosion. It is also a violation of the National Pollution Discharge Elimination System (NPDES) requirements to allow silt from soil erosion to enter the storm drain system.

Staff met with contractors and expeditiously created a work scope and received cost proposals to place hydro seeding and erosion protection materials on the slope faces. These improvements prevent soils from being washed off the newly created slope faces and into our storm drain pumping system located in the underpass. The slope erosion protection improvements are now complete, and will prevent erosion throughout the rains of 2004-05.

While erosion protection was the primary purpose of the work on the east side of the roadway, the hydro seed mixture was also placed on the slopes on the west side, but is not a part of the emergency work. The hydro seed mixture, including wildflower seeds, was placed on the west side slopes upon the suggestion of Mr. Fred Amoroso, a citizen who expressed interest in seeing the Monterey Underpass beautified given that Monterey Road is part of the "El Camino Real" or "Royal Highway" that extends throughout California. Scott Schilling of South Valley Developers is contributing \$375 toward the \$1498 cost of the west slopes hydro seeding placement.

Staff's recommended funding of our emergency erosion protection work on the east side Monterey slopes requires a four/fifths vote of the Council.

FISCAL IMPACT: The emergency erosion protection work on the east side slopes will be funded with \$8000 from unappropriated Fund 346 Measure C-Capital Improvement Project Funds and \$4,804 from the Streets Operations Budget. The hydro seeding on the west side slopes will be funded with \$1123 from the Streets Operations Budget and \$375 donated from South Valley Developers. Total project cost is \$14,302.

Agenda Item # 6
Prepared By:
Dep Dir Public Works/Operations
Approved By:
Public Works Director
Submitted by
City Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL DECLARING THE NEED FOR AN EMERGENCY EXPENDITURE FOR SLOPE EROSION PROTECTION ON THE EAST SIDE SLOPES OF MONTEREY ROAD AT THE UNION PACIFIC RAILROAD (UPRR) UNDERPASS IN ACCORDANCE WITH PUBLIC CONTRACT CODE 20168

WHEREAS, an emergency condition existed for slope erosion protection on the east side slopes of Monterey Road at the UPRR Underpass; and

WHEREAS, unless slope erosion protection had been placed, the potential for erosion of soil resulting in damage to the city's storm drain pumping system existed; and

WHEREAS, the National Pollution Prevention Elimination System prohibits silt from soil erosion to enter the storm drain system;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill that it does resolve, determine and order the following:

- 1. The lack of slope protection on the east side slopes of Monterey Road at the UPRR Underpass constituted a serious threat to the public health, safety and welfare.
- 2. By at least a four/fifths affirmative vote of those present at the City Council meeting on November 17, 2004, the Council finds, based upon the foregoing reasons, that the immediate preservation of the public peace, health and safety requires said expenditure to be made without competitive bids.
- 3. The sum of \$14,302 is hereby approved for expenditure for slope erosion protection measures on the east side slopes of Monterey Road at the UPRR Underpass;

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 17th Day of November, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on November 17, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: NOVEMBER 17, 2004

FINAL MAP APPROVAL FOR SAN PEDRO VILLAS, PHASE II (TRACT 9640)

Agenda Item #7 Prepared By: Senior Civil Engineer Approved By: **Public Works Director Submitted By:**

City Manager

RECOMMENDED ACTION(S):

- Approve the Final Map, Subdivision Improvement Agreement and **Improvement Plans**
- Authorize the City Manager to sign the Subdivision Improvement 2) Agreement on behalf of the City
- Authorize the recordation of the map and the Subdivision Improvement 3) Agreement following recordation of the Development Improvement Agreement

EXECUTIVE SUMMARY:

Tract 9640 is a 8 lot subdivision located on the northeast corner of the San Pedro Avenue and Butterfield Boulevard intersection (see attached location map). The developer has completed all the conditions specified by the Planning Commission in the approval of the Tentative Map on June 8, 2004.

The developer has furnished the City with the necessary documents to complete the processing of the Final Map and has made provisions with a Title Company to provide the City with the required fees, insurance and bonds prior to recordation of the Final Map.

FISCAL IMPACT:

Development review for this project is from development processing fees.

FINAL MAP APPROVAL FOR QUAIL MEADOWS PH. II (TRACT 9598)

Prepared By: Senior Civil Engineer Approved By: Public Works Director Submitted By: City Manager

Agenda Item # 8

RECOMMENDED ACTION(S):

- 1) Approve the final map, subdivision agreement and improvement plans
- 2) Authorize the City Manager to sign the Subdivision Improvement Agreement on behalf of the City
- 3) Authorize the recordation of the map and the Subdivision Improvement Agreement following recordation of the Development Improvement Agreement

EXECUTIVE SUMMARY:

Tract 9598 is a 6 lot subdivision located on the northwest corner of the Santa Teresa Boulevard and Native Dancer Drive (see attached location map). The developer has completed all the conditions specified by the Planning Commission in the approval of the Tentative Map on April 27, 2004.

The developer has furnished the City with the necessary documents to complete the processing of the Final Map and has made provisions with a Title Company to provide the City with the required fees, insurance and bonds prior to recordation of the Final Map.

FISCAL IMPACT:

Development review for this project is from development processing fees.



CITY COUNCIL STAFF REPORT MEETING DATE: November 17, 2004

ADOPT ORDINANCE NO. 1701, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MMP-03-01: NATIVE DANCER – QUAIL MEADOWS (APN 779-02-014) (DA-03-09: NATIVE DANCER – QUAIL MEADOWS)

Agenda Item # 9
Prepared By:
Deputy City Clerk
Approved By:
City Clerk
Submitted By:
City Manager

RECOMMENDED ACTION(S):

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1701, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On November 3, 2004, the City Council Introduced Ordinance No. 1701, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1701

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MMP-03-01: NATIVE DANCER – QUAIL MEADOWS (APN 779-02-014) (DA-03-09: NATIVE DANCER – QUAIL MEADOWS)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 03-23, adopted April 22, 2003, has awarded allotments to a certain project herein after described as follows:

MMP-03-01: Native Dancer – Quail Meadows

Total Dwelling Units
2 allotments for Fiscal Year 2004-05
4 allotments for Fiscal Year 2005-06

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill.

These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. The City Council hereby finds that the development proposal and agreement approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 6. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1701, New Series Page 2

SECTION 8. Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 3rd Day of November 2004, and was finally adopted at a regular meeting of said Council on the 17th Day of November 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:		
NOES:	COUNCIL MEMBERS:		
ABSTAIN:	COUNCIL MEMBERS:		
ABSENT:	COUNCIL MEMBERS:		
ATTEST:		APPROVED:	
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor	
	EXECUTE © CERTIFICATE ©	OF THE CITY CLERK (3	
CALIFORN 1701, New S	IA, do hereby certify that the f	ERK OF THE CITY OF MORGAN HIL Toregoing is a true and correct copy of Ordinance Nuncil of the City of Morgan Hill, California at the mber 2004.	0.
WIT	NESS MY HAND AND THE S	SEAL OF THE CITY OF MORGAN HILL.	
DATE:		<u></u>	
		IRMA TORREZ, City Clerk	

EXHIBIT A

(Amendment to Exhibit B of the Development Agreement)

DEVELOPMENT SCHEDULE MMP-03-01: NATIVE DANCER – QUAIL MEADOWS FY 2004-05 (2 custom units), FY 2005-06 (4 custom units)

I. SUBDIVISION APPLICATION

Applications Filed:

August 29, 2003

II. SITE REVIEW APPLICATION

Application Filed:

November 1 May 31, 2004

III. FINAL MAP SUBMITTAL

Map, Improvements Agreement and Bonds:

July 9 May 31, 2004

IV. BUILDING PERMIT SUBMITTAL

Submit plans to Building Division for plan check:

FY 2004-05 (2 *custom* units) FY 2005-06 (4 *custom* units)

June 30, 2006 August 31, 2004 June 30, 2007-2005

V. BUILDING PERMITS

Obtain Building Permits:

FY 2004-05 (2 *custom* units)

FY 2005-06 (4 *custom* units)

September 30, 2006 October 30, 2004 September 30, 2007 2005

Commence Construction:

FY 2004-05 (2 *custom* units)

FY 2005-06 (4 *custom* units)

June 30, **2007 2005** June 30, **2008 2006**

Failure to obtain building permits and commence construction by the dates listed above, shall result in the loss of building allocations. Submitting a Final Map Application or a Building Permit six (6) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least three (3) dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

EXHIBIT B

- (t) The Property Owner agrees to the following conditions for the development of the six custom lots within the project.
 - (i) The Final Map shall be revised as follows: (a) designate all six lots as "For Sale" custom lots, and (b) record a note indicating a building allotment must be obtained from the partially completed set-aside on any custom home constructed after the two-year extension period.
 - (ii) Site improvements, rough grading, and common area landscaping shall be substantially completed and a punch list generated by the City prior to final occupancy of the first unit. The punch list items shall be completed and accepted by the City within 60 days of final occupancy of the first unit or prior to final occupancy of the second unit, whichever comes first.
 - (iii) All future custom lot buyers shall be subject to compliance with the provisions of this development agreement.
 - (iv) The project developer shall not place any private agreements/contingencies on any of the "For Sale" lot (such as requiring the buyer to use the project developer to construct the home). The project developer may through CC&R's or deed restriction, establish a minimum square footage of building area for the custom lot and/or establish minimum architectural standards to ensure compatibility with the existing homes in the subdivision.
 - Designated "For Sale" lots may be sold to other development (v) entities, such as a general contractor specializing in custom home Sales to other development entities (any one developer) shall not exceed the greater of two units or 25 percent of the designated "For Sale" lots. In addition, at least 50 percent of the designated "For Sale" lots must be sold to private individuals. Note: Lots not meeting the above may still be sold for development by others, however, these lots shall not quality for the two-year extension provided above. Such sales do not relieve the project development entity from all commitments and requirements as outlined above and may increase the risk of not meeting the 50 percent "under construction" for "partially-completed" status. Projects that are not at least 50 percent completed under the original building allotment are not eligible to draw from the partially completed building allotment set-aside.
 - (vi) A buyer/owner (private individual) who selects for his or her builder either the project developer or other developer entity under subsection (v) above, must take title to the property and pull a building permit in his or her own name (as the owner/builder).

City of Morgan Hill Ordinance No. 1701, New Series Page 5

- (vii) The two-year extension date for custom lot development would be maintained as long as the conditions above are met. If the project developer receives an extension from the City Council for a project phase, all "For Sale" lots in the corresponding phase of the project would also be extended. If the project developer does not receive an extension for a project phase for a "For Sale" lot, the individual owner/developer of that lot may apply for a one year extension. If the "For Sale" lot owner is unable to meet the commencement of construction threshold by the end of the one year extension, the "For Sale" lot owner would still be eligible to compete in the partially completed set-aside category, provided the overall project has satisfied the requirement for "partially complete" status under current City Council policy.
- (viii) Construction of the six custom lots shall commence within two years of the expiration date of the project's fiscal year building allotments, as identified in the project Development Schedule. If construction fails to commence within the two-year period, a building allotment must be obtained from the partially completed set-aside.



CITY COUNCIL STAFF REPORT MEETING DATE: November 17, 2004

ADOPT ORDINANCE NO. 1702, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING TITLE 17, CHAPTER 17.20 OF THE MORGAN HILL MUNICIPAL CODE, THE SUBDIVISION ORDINANCE, REPEALING SECTION 17.20.110, REQUIRING CITY COUNCIL REVIEW OF TENTATIVE SUBDIVISION MAPS.

Agenda Item # 10
Prepared By:
Deputy City Clerk
Approved By:
City Clerk
Submitted By:
City Manager

RECOMMENDED ACTION(S):

<u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1702, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On November 3, 2004, the City Council Introduced Ordinance No. 1702, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

FISCAL IMPACT:

No budget adjustment required. Elimination of the City Council review requirement will reduce the time and material cost to process tentative subdivision maps.

ORDINANCE NO. 1702, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING TITLE 17, CHAPTER 17.20 OF THE MORGAN HILL MUNICIPAL CODE, THE SUBDIVISION ORDINANCE, REPEALING SECTION 17.20.110, REQUIRING CITY COUNCIL REVIEW OF TENTATIVE SUBDIVISION MAPS.

WHEREAS, the subdivision of property is regulated under Title 17 of the Morgan Hill Municipal Code. Chapter 17.20 of this Title established the process, procedures and map requirements for subdivision of five or more parcels. Subsection 17.20.110 of this Chapter requires City Council review of all approved tentative maps; and,

WHEREAS, the above provision was adopted as part of the City's Subdivision Ordinance in 1983. Since that time, there have only been few occasions where councils have called up a planning commission approved tentative map for review. Given these relative few instances, the council finds that it is no longer necessary to routinely review Planning Commission approved tentative maps; and,

WHEREAS, under Section 18.20.140 of the Subdivision Ordinance, any interested person adversely affected by a decision of the Planning Commission regarding a tentative map, may file an appeal with the City Council concerning such decision; and,

WHEREAS, given the existing appeals process, the City Council, upon filing of an appeal, would be able to review and may add, modify or delete conditions to an approved tentative map; and,

WHEREAS, testimony and exhibits received at a noticed public hearing having been duly considered,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Section 17.20.110 of the Morgan Hill Municipal Code is repealed.

Section 17.20.110 City council review.

If a tentative map is approved or conditionally approved, the community development department shall make a written report to the city council. Within ten days, or at its next succeeding regular meeting after receipt of the report, unless the subdivider consents to a continuance, the council may review the map and the conditions imposed by the planning commission. If the council decides to review the map and conditions, it shall conduct a public hearing after giving notice pursuant to Section 17.20.080 of this chapter. In addition, notice shall be given to the subdivider and the planning commission. At that hearing the council may add, modify or delete conditions when the council determines that such changes are necessary to insure that the tentative map conforms to zoning conditions imposed upon the property, applicable city ordinances and the State Subdivision Map Act. The city council may deny the tentative map

City of Morgan Hill Ordinance No. 1702, New Series Page 2

on any of the grounds contained in Section 17.20.100 of this chapter. If the council does not act within the time limits set forth in this section, the tentative map shall be deemed to have been approved or conditionally approved as set forth in the planning commission's report. (Ord. 635 N.S. § A (part), 1983)

- SECTION 2. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.
- SECTION 3. Effective Date; Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 3rd Day of November 2004, and was finally adopted at a regular meeting of said Council on the 17th Day of November 2004, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

ATTEST: APPROVED:

Irma Torrez, City Clerk Dennis Kennedy, Mayor

EXECUTE: SET IN CONTROLL OF THE CITY CLERK OF THE CITY CLERK

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1702, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the 17th Day of November 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk

Submitted for Approval: November 17, 2004

CITY OF MORGAN HILL JOINT REGULAR REDEVELOPMENT AND SPECIAL CITY COUNCIL MEETING MINUTES – OCTOBER 27, 2004

CALL TO ORDER

Chairman/Mayor Kennedy called the special meeting to order at 6:00 p.m.

ROLL CALL ATTENDANCE

Present: Agency/Council Members Carr, Sellers, Tate and Chairperson/Mayor Kennedy

Absent: Agency/Council Member Chang

DECLARATION OF POSTING OF AGENDA

Agency Secretary/City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS

Mayor Kennedy presented outgoing Morgan Hill Library Community Librarian Nancy Howe with a Certificate of Recognition for her service to the citizens of Morgan Hill, and congratulated her on her promotion to the position of the Santa Clara County Library's Adult Services Librarian.

Chuck Dillmann presented Ms. Howe with a gift on behalf of the Morgan Hill Library Commission and members of the community and thanked her for all her dedication and efforts toward the library.

CITY COUNCIL REPORTS

Council Member Tate indicated that in September 2004 a Library Card outreach campaign was conducted to reach K-3 students in order to get them to sign up for library cards. Having a library booth at the Taste of Morgan Hill assisted this effort. He stated that as a result of these efforts, there were 604 new library cards issued. This results in 85% more library cards being issued from the same time period last year. He stated that Mervyn's campaign for the K-3 library card drive is continuing with a family oriented session to be held at the library on Wednesday nights. He recommended that members of the community participate in some of the family sessions that are starting this evening.

OTHER REPORTS

City Treasurer Roorda presented the Finance & Audit Committee Quarterly Report. He indicated that City revenues typically comes in slower in the beginning of the year and then builds up over the course of the year. He stated that the City will be seeing lower revenue numbers compared to its budget. He felt that revenues are comparable to what the City normally sees this time of year. He stated that there

City of Morgan Hill Joint Regular Redevelopment Agency and Special City Council Meeting Minutes – October 27, 2004 Page - 2 -

were one time events that affected the sales tax area; the City receiving additional monies that had not been paid up to this point, bringing accounts up to date. He said that the City has received some significant revenues compared to budget in the aquatics area. With the seasonality of the aquatics center, he felt that the City would be seeing a lot of revenue in the front part of the year, toward the end of the summer, the first quarter and the fourth quarter. Revenues for the aquatics center will be much leaner as the city enters the second and third quarters. Therefore, the City is seeing what appears to be a nice boost in revenue for the aquatics center but that it is really compared to the linear budget being reviewed.

In the expense area, Mr. Roorda stated that they tend to be level out over the course of the year. He indicated that expanses are fairly comparable to budget although there are a couple of items that need consideration. He stated that there was a finance policy change in the legal area that brought forward some encumbrances to be recognized earlier than they had been in the past. He did not believe that there will be a cash impact from this policy change as it is accounting for the encumbrances a little differently. The City is linear but that the City has some expenses that came in from the aquatics and city attorney's office areas that have pushed expenses a little above budget. In looking at the general fund balance, the City is down a little from where it was at the beginning of the year at approximately \$10 million. He felt that the City was in a strong position, from a general fund perspective, and more than \$2 million ahead of where it is believed the City would end the year, depending on the City's cash flow.

Mr. Roorda addressed Proposition 1A that will be on the November 2004 ballot. He recommended that this proposition be made available at City Hall and at the library to allow individuals to study the details. He indicated that this is a proposition agreed upon by the Governor and the Legislature as a compromise. Passage of the proposition would provide some protection for cities like Morgan Hill and would afford more predictability in terms of the City's revenue streams because the State would not be in a position to come in and take substantial revenues from cities. He stated that the proposition has four main points: 1) protects the car tax revenue; 2) protects property tax revenue for the City; 3) contains a provision that if the State was in a financial stress situation, on a 2/3 vote the State could borrow. However, the proposition contains provisions that the State would have to pay the amount borrowed over a three year period with interest, resulting in the City recuperating the loan. 4) Protection of sales tax revenue and some relief, under certain circumstances, from State mandates for expenses that may not have been funded. He said that municipalities will be asked to make contributions and that the cost estimate for the City would be approximately \$350,000 per year for two years. He said that it needs to be noted that City will be getting back \$600,000 in car tax revenues from Fiscal Year 2003-04 that the City did not receive. From a planning perspective, he felt that the proposition would allow the City to better plan as a City and not have to wait to see what actions the State takes on its budget.

PUBLIC COMMENT

Chairman/Mayor Kennedy opened the floor to public comments for items not appearing on this evening's agenda.

Alex Kennett, Chamber of Commerce Board Member and outgoing Interim Executive Director, introduced recently hired Chamber of Commerce Executive Director Dan Ehrler.

City of Morgan Hill Joint Regular Redevelopment Agency and Special City Council Meeting Minutes – October 27, 2004 Page - 3 -

Mr. Ehrler stated his appreciation for this opportunity to address the Council and that he looks forward to meeting with each Council Member and city staff. He also looks forward in working with the City and the community toward a continuing, excellent relationship with the Chamber of Commerce for a very productive and positive future.

No further comments were offered.

Redevelopment Agency Action

CONSENT CALENDAR:

Action: On a motion by Agency Member Tate and seconded by Vice-chairman Sellers, the Agency

Board, on a 4-0 vote with Agency Member Chang absent, <u>Approved</u> Consent Calendar

Item 1 as follows:

1. <u>SEPTEMBER 2004 REDEVELOPMENT AGENCY FINANCE & INVESTMENT REPORT</u>

Action: Accepted and Filed Report.

City Council Action

CONSENT CALENDAR:

Council Member Tate requested that item 2 and Council Member Carr requested that item 6 be removed from the Consent Calendar.

<u>Action:</u> On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council, on a 4-0 vote with Council Member Chang absent, Approved Consent

Calendar Items 3-5 and 7-11, as follows:

3. <u>SEPTEMBER 2004 CITY OF MORGAN HILL FINANCE & INVESTMENT REPORT Action: Accepted and Filed Report.</u>

4. <u>PROFESSIONAL SERVICES AGREEMENT FOR FLOW MONITORING FOR TRUNK SEWER DESIGN</u>

<u>Action: Approved</u> the Proposal from V & A Consultants for a Not-to-Exceed Fee of \$51,500 for Flow Monitoring and <u>Authorized</u> the City Manager to Execute a Professional Services Agreement on Behalf of the City, Subject to Review and Approval of the City Attorney.

5. RESOLUTION SUPPORTING GRANT APPLICATION FOR ENVIRONMENTAL ENHANCEMENT AND MITIGATION FUNDS FOR BUTTERFIELD LINEAR PARK EXTENSION

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<u>Action: Adopted</u> Resolution No. 5852, Supporting the Grant Application for the Butterfield Linear Park Extension Project for the Environmental and Enhancement Mitigation (EEMP) 2005-2006 Funding Cycle.

7. AWARD JACKSON OAKS BOOSTER STATION REHABILITATION PROJECT

Action: 1) Appropriated \$40,000 from the Current Year Unappropriated Water Fund Balance (653) into CIP Project Number 610093; 2) Awarded Contract to Trinet Construction, Inc. for the Construction of the Jackson Oaks Booster Station Rehabilitation Project in the Amount of \$1,026,025; and 3) Authorized Expenditure of Construction Contingency Funds not to Exceed \$102,602.

8. <u>YMCA FRIENDLY INN LEASE AND SENIOR CENTER OPERATOR CONSULTANT AGREEMENTS</u>

<u>Action:</u> <u>Authorized</u> the City Manager to Execute a Contract in the Amount of \$75,000 for the Operation of the Senior Center and Enter into a One Year Extension Lease with the YMCA of Santa Clara Valley for the use of the Friendly Inn.

9. <u>INTERIM USE PERMIT, UP: 04-07 DEPOT-DAYWORKER CENTER</u> <u>Action:</u> <u>Adopted</u> Exit Plan by Minute Action.

10. <u>COMMUNITY & CULTURAL CENTER AND PLAYHOUSE PROPOSED CHANGES IN SELECTED RENTAL POLICIES AND RATES</u>

<u>Action:</u> <u>Directed</u> Staff to Incorporate the Proposed Changes to Non-Profit Rental Use, Rental Rates, and Policies as Outlined in the Staff Report.

11. SPECIAL CITY COUNCIL MEETING MINUTES OF OCTOBER 13, 2004 Action: Approved the Minutes as written.

2. <u>CONDUCT OF SPECIAL RUNOFF ELECTION IN THE EVENT OF A TIE VOTE(S)</u>

Council Member Tate stated that it was his understanding from the Council's discussion last week that a special runoff election would only apply to an elected seat that had more than two candidates running for office that resulted in two candidates receiving the highest and equal number of votes. He said that he sees a situation where there are only two candidates running for a particular office. If the seat ends up in a tie, the proposed resolution would bind the City to a special runoff election. He did not believe it made sense to build in a special runoff election when there are only two candidates seeking a particular seat. He stated that he would not be supporting the adoption of the resolution in any event but thought that the Council may want to revisit this aspect of the resolution.

Mayor Pro Tempore Sellers said that he continues to support the adoption of a resolution that spells out a special runoff election to be held in the event of a tie vote. However, he felt that Council Member Tate raised a good point. He felt that there would be a slim chance that there would be a tie between two council candidates running for office. He stated that he supports a runoff election when there are multiple candidates vying for a particular seat. However, if there are only two candidates seeking a seat

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on the Council, it is obvious that the community is split. In this case, he felt that it would not make sense nor be fiscally prudent to have the same election over again. He inquired whether a change to the resolution could be made this evening. He recommended that the resolution state that in the event that only two candidates are running for an office that results in a tie, it would revert back to draw by lot.

City Attorney Leichter indicated that the resolution could so be amended.

<u>Action</u>: This item was <u>deferred</u> to later on the agenda to allow the City Attorney the opportunity to return with modified language to the resolution.

6. AWARD OF SIGNING AND STRIPING FOR CLASS II BIKEWAYS PROJECT

Council Member Carr noted that the City is looking at north/south bound Class II bike lanes on Monterey Road to Burnett Avenue. He inquired whether staff was aware of all the work that would take place to improve and widen Burnett Avenue by the School District for Sobrato High School. He wanted to make sure that the remainder of the improvements to the corridor are completed so that students wishing to ride their bicycles to the High School can do so.

Director of Public Works Ashcraft said that he knows that the roadway was widened to accommodate four travel lanes; parking to be allowed on one side of the road and not on the other side. He does not recall whether bike lanes are or will be included on Burnett Road. Therefore, he would have to report back to the Council in this matter.

Council Member Carr recommended that staff agendize this item for the City-School Liaison Committee meeting in order to inform the School District as to what the City is doing on bike lanes leading up to the High School. The City can ask the School District how they can help to make sure that the bike lane project is completed all the way to the High School.

Action:

On a motion by Council Member Carr and seconded by Mayor Pro Tempore Sellers, the City Council, on a 4-0 vote with Council Member Chang absent: 1) <u>Awarded</u> Contract to Linear Options Inc. for the Construction of the Signing and Striping for Class II Bikeways Project In The Amount Of \$52,230; 2) <u>Authorized</u> Expenditure Of Construction Contingency Funds Not To Exceed \$5,223; and 3) <u>Appropriated</u> \$40,000 From The Current Year Un-Appropriated Street Fund (202) Balance To Cover Non-Grant Related Costs Associated With This Project.

Council Member Tate recommended that the Council consider item 14 at this time as there are several individuals in attendance who may wish to address the Council.

<u>Action</u>: It was the consensus of the City Council/Redevelopment Agency Board to <u>consider</u> item 14 at this time.

City Council Action

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PUBLIC HEARINGS:

14. REQUEST TO APPROVE THE ISSUANCE OF TAX-EXEMPT REVENUE BONDS BY THE INDEPENDENT CITIES LEASE FINANCE AUTHORITY (ICLFA) ON BEHALF OF MILLENNIUM HOUSING – Resolution No. 5853

Director of Business Assistance and Housing Services Toy presented the staff report, indicating that Millennium Housing is a non profit housing corporation that currently has a purchase agreement with the owner to purchase the Hacienda Mobile Home Park. He stated that approximately 74% of the park residents have voted to support the purchase. He indicated that the benefits of purchasing the Park are that it would eliminate uncertainty of future rent increases and gives the park residents the opportunity to comment on the ownership and management of the park. It also provides an opportunity for the residents to purchase the park in the future. He informed the Council that Millennium Housing is requesting the City's Finance Authority to issue \$12 million in tax exempt bonds to acquire the Hacienda Mobile Home Park. He noted that the City would not assume any obligations or liabilities through this process nor will it assume any liabilities or obligations for tax exempt bonds to be issued by ICLFA. He indicated that it has been brought to staff's attention that some residents have expressed concern about the speed of the process as well as the information provided by Millennium Housing and the Park's Board regarding the process. He noted that Millennium Housing has indicated that they are more than willing to continue to meet with the residents and provide more information in writing about how the transaction would work. He informed the Council that the action before it is one of two key steps necessary to obtain financing. He informed the Council that staff and Millennium Housing are recommending that the Council approve the issuance of the bonds as it keeps the flexibility open and affords the ability to sell the bonds in November, avoiding any potential increases to bond rates. He indicated that the purchase agreement expires in January 2005. He noted that the second key step is to return to the Agency for a loan agreement in the amount of \$1.2 million next week. The second action would create a rental assistance fund for the residents of the Park with the concept of keeping rent increases to a maximum of \$40 per month per year.

George Turk indicated that Millennium Housing is a non profit organization who owns approximately 3,500 mobile home spaces throughout the State. He informed the Council that earlier today Independent Cities approved the bond transaction, subject to the public hearing and Council approval. In order to alleviate the impacts on rent, the Council will be asked to approve a loan agreement. He stated that after long negotiations, Millennium Housing is in escrow to purchase the Park. He has held two meetings at the Hacienda Mobile Home Park where all residents were invited, indicating that the meetings were well attended. He has also met with the Hacienda Mobile Home Park association board. He has sent 3-4 update letters to all park residents, inviting them to respond. He felt that he has tried his best to communicate with all residents.

Mr. Turk addressed the positives to purchasing the Park as follows: 1) an opportunity to preserve one of the City's affordable communities; 2) all litigation matters would be dropped and would not be refilled; 3) would agree to follow the City's Mobile Home Rent Stabilization Ordinance, even it if is repealed or overturned by another park owner suing the City or another decision is made elsewhere; 4) agrees to maintain the park as a senior park; 5) expects a lot of resident input; 6) at the annual adoption of the

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budget, Millennium Housing will sit down with Park representatives to look at possible changes to the rules of the Park; 7) the homeowners board to advise how any surplus funds are to be spent; and 8) starting with approximately \$300,000-\$400,000 in a capital improvement fund.

Mr. Turk address the negatives to purchasing the Park as follows: 1) This is a "settlement" as the park owners believe that they can charge substantially more than what is being paid in rent, however, this action is a compromise; 2) in order to make the project work, there needs to be a one time increase in rents of approximately \$580-\$590 per month. He indicated that this fee would be a reduction to some individuals but for most of the Park residents, it would be a large increase. He stated that the City is considering a loan to Millennium Housing in the amount of \$1.2 million which will allow for the establishment of a rental assistance fund. This will result in most individuals having to pay \$30-\$35 in rent increase the first year. He did not believe that the increase would be more than this amount in subsequent years. The rest of the money would come from a rental fund. He felt that this is a great insurance policy to stay off what might have happened should the City not prevail in the lawsuit. He understands that an increase would be a hardship, and therefore, if anyone cannot afford the increase, further subsidies will be made available. He said that in the last draft agreement with the Redevelopment Agency, Millennium Housing has committed not to evict individuals from the park because of increases attributed to the purchase of the Park.

Mr. Turk indicated that some individuals in the park have a desire to purchase the park directly. He indicated that he has been advised by the current owners' attorney that the park owners will not sell to the residents under any circumstances. He indicated that the Park is owned by an investment group consisting of 3-4 individuals who have indicated that this is the only deal that they could agree upon. The property owners do not want to deal with 166 individuals, all trying to qualify for loans that may or may not see eye to eye. He has been told that the owners would agree to sell to a non profit, another investor or continue with the lawsuit. He informed the Council that Millennium Housing has agreed that for the next 10 years, the homeowners will have the option/ability to purchase the park from Millennium Housing for not much more than what it has put into the purchase of the Park. Assuming that real estate in Morgan Hill continues to appreciate, he expects that the homeowners will see the value in purchasing the park in 8-10 years. Millennium Housing sees this as an interim step while the residents get a chance to learn how to operate the park.

Mr. Toy said that 74% of the residents voted on this issue. This results in 30 out of the 160+ residents not voting on the matter.

Mayor Pro Tempore Sellers noted that there is a second item equally as important associated with the purchase of the Park that will be before the Agency next week. He inquired whether there would be a problem with deferring next week's item in order to allow a revote on the matter.

Mr. Turk said that this transaction is very interest rate sensitive and that the better financing Millennium Housing can get, the lower the rental rates will be. He indicated that this is a great time to be selling bonds. He noted that approximately two-thirds of the park supported the purchase of the Park by Millennium Housing and that he did not believe that a lot would change with a revote. The Council/Agency may hear this evening from some of the residents that the election process has not been

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pleasant and that the City would be putting them through this unpleasant situation again. He could not state that a seven day delay would kill the purchase of the Park.

Council Member Tate inquired why action was needed this evening and why both actions could not be undertaken at the same time.

Mr. Toy responded that taking action this evening would allow Millennium Housing to proceed with bonding.

Mr. Turk indicated that there are four pieces to the purchasing the Hacienda Mobile Home Park: 1) The City joined a Joint Powers Authority last week; 2) The Joint Powers Authority authorized conditional approval to move forward with the bond issue earlier today; 3) if the Council approves the TEFRE hearing/public hearing, Millennium Housing can move forward with printing the perspective, completing the bond documents; 4) Millennium Housing can be using the seven days to try and compress the process. He indicated that Millennium Housing could not proceed without the loan because the Board would not support a rent increase. He felt that City approval this evening would demonstrate a good faith effort and show that the deal is moving along. He said that 120 residents have returned income survey forms which he perceives as support. In looking at the incomes, he did not believe that Millennium Housing would proceed without the loan.

Mayor Kennedy requested that the City Attorney present a status of the lawsuit by the park owners.

City Attorney Leichter stated that there are two lawsuits: one pending in the United States Supreme Court and one in the Santa Clara County Superior Court. She said that it was her understanding that a condition of the sale would result in both lawsuits against the City being dismissed. Both court actions have been stayed until the third week in December to determine the outcome of the purchase.

Chairman/Mayor Kennedy opened the public hearing.

Don R. Costello stated that most of the residents found out about the sale of the Park about a month ago via a flyer. A meeting was held with Mr. Liegl with several individuals presenting their ideas on the sale/purchase of the Park. However, he felt that the sale was moving too quickly and that residents were not given enough time to evaluate options. He said that the meeting held by Mr. Turk, facilitated by Mr. Liegl, with Mayor Kennedy in attendance, was one that he felt individuals were being "steamrolled over." He said that the residents do not understand what is taking place and felt that they were being intimidated and confused. When it came to the vote, everyone wanted to protect the voting process and the ballot box. He indicated that Mr. Liegl took the ballot box home and counted all the votes. The residents believe that the City was working on the park for 2-3 years without letting the residents know what was taking place. He felt that residents have options, one being to allow the residents to purchase the park. The residents talked to the attorney who assisted with the Woodland Mobile Home Park who stated that he would assist the residents with the purchase of the park. Residents do not agree that the owners would not want to sell to the residents because they have received other information. He indicated that the residents do not believe that they can gain the right information through the homeowners association because it is felt that it is run by a tight group of people. Before the vote was

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taken, residents had to move fast, calling 50-60 individuals who would be voting no. He felt that the votes may have been counted wrong or residents were afraid to vote no. In talking to residents following the vote, many indicated that they did not understand what they were voting for and that they were afraid. He requested that the Council provide time in order to get the truth and facts out to the residents; advising whether there were other options.

Richard Helme stated that he voted for the sale of the Park to Millennium Housing because he felt assured that affordable housing and a well managed/maintained park would continue. He indicated that no one contested the vote at the end of the vote count. He felt that the validity of the vote is good. Because of the City's long time support for mobile home park residents and its support of the sale, including the investment of the \$1.2 million to make the purchase possible and rents affordable, he wanted the Council to know that many of the residents appreciate what it is doing. He thanked the Council for helping the residents protect their investments.

Charles Martin stated that he concurred with the comments as expressed by Mr. Costello. He requested that the Council place a 60-day moratorium on the bond issue. He felt that the moratorium would give the residents enough time to investigate all possible options. He inquired whether the City would support a one time \$40 month increase. He stated that the park residents could look at ways of purchasing the park, allowing everyone to see the pros and cons of the situation.

Joyce Sims stated that once the process is all said and done, the rents will increase to approximately \$600 per month. This amount would not include utilities, raising the rents to approximately \$800 per month. She felt that it would be difficult for a senior citizen with a fixed income to move into the park and that selling the park would be closing the doors to senior citizens who want to move to Morgan Hill. She did not believe that individuals would want to move to a mobile home park where the mobile homes are 30 years old, some falling apart. She felt that it was true that residents did not receive all the information that would allow individuals to make an intelligent vote. She said that Mayor Kennedy showed up at the first meeting, endorsing the purchase. She felt that his attendance swayed a lot of residents in the park to support the purchase.

Keith Cram stated that as a tax payer, he objects to the idea of a corporation worth \$300 million coming into Morgan Hill and receiving a loan so that they can increase the value of their investment. He felt that Millennium Housing would be the landlord and that they would be powerful enough to develop the bylaws. This company is coming in, placing no money down while getting the City to provide \$1.2 million in seed money to help them purchase a piece of property that is appraised at \$6.7 and issuing \$13 million in bonds. Based on these numbers, it was his belief that Millennium Housing would be paying the Park owner \$10.3 million. This results in Millennium Housing making \$3 million at the beginning. It was his belief that there were better places for residents' tax money to be used versus allowing a non local corporation to come in and use the City to guarantee bonds. He requested that this item be continued as he did not believe that taxpayers' money was being used properly.

Darlene Harmon read into a record a prepared statement. She stated that on or about September 14, 2004, a meeting was held in the Hacienda Clubhouse to announce the sale of the Park. John Liegl, Mayor Kennedy and George Turk announced the sale. Residents were told that the sale/purchase was

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the best thing for them and that they should feel lucky that so many cared about their welfare. She felt that Mr. Turk enlightened the residents of the great things that would happen when they purchased the park, later to threaten and intimidate residents as to what would happen if the Park was purchased by someone who might raise the rents to \$1,500. She did not understand why the City did not allow the owners to raise the rent a little. She inquired whether the City's rent control prohibited the rental increase. It is her understanding that there would be no rent control with Millennium Housing until the cap is reached. If so, she inquired whether this is in writing somewhere or contained in a contract. She did not know why John Liegl, President of the homeowners association and Chairman of the Mobile Home Rent Commission, was enthusiastic about the sale of the Park. She did not understand why so many individuals were convinced that this is a better way to pay hundreds of dollars more a month rather than \$40 more a month to the owner. She felt that this was a hostile take over. She did not know why Millennium Housing was receiving \$13 million from the City when the sale price for the Park is \$10.2 million of which \$200,000 will be going to George Turk for the sale of the Park. This leaves \$2.8 million. It is being stated that \$1.2 million will be set aside to assist individuals who cannot afford the increased rent. She stated that when all is said and done, Millennium Housing will give the residents a chance to purchase the park for \$15-\$16 million after the residents pay off the \$13 million to the City. She indicated that prior to the voting that took place on October 20, 2004, a mobile home park resident contacted 100 individuals and encouraged them to vote yes because the purchase was in their best interest. She questioned the integrity of the ballot process.

Ed Carr stated that rent control has been a blessing. He said that there are other communities who do not have rent control and that there are many horror stories out there. Regarding the multi million dollar purchase, he stated that many of the residents are not equipped to deal with the purchase. He confirmed that a meeting was held in October where over 100 residents were in attendance. He indicated that there was over 90% approval for the purchase of the Park after Mr. Turk explained the reason for the vote. A ballot was sent out to every park space to vote, resulting in over 75% approval of the purchase. He said that while it is true that there will be some individuals who will experience a substantial rent increase, others are concerned about the alternatives without rent control. Should a private investor decide to purchase the park, they would have to increase the rent to help pay off the debt. This may result in rents being higher. He thanked the City for fighting rent increases for 15 years. He noted that the lawsuit does not seem to want to go away. It was his belief that what Mr. Turk is offering the best option the residents have at this time.

No further comments were offered.

Mr. Toy clarified that the City is not assuming any liability or guaranteeing the bonds. The bond issue is for \$12 million. He stated that the acquisition price is \$10.2 million. The bond holder will require that you reserve one year's worth of debt service of approximately \$800,000. There is another \$300,000 that will be placed in a capital reserve and maintenance fund. There will be another \$100,000 to be placed in a working capital fund and an underwriting fee. He indicated that all fees add up \$12 million. He stated that this money goes to the trust to be placed in different accounts to be used for specific purposes by contract. He said that the Millennium Housing bond contract states how the funds and proceeds are to be used and that the rental proceeds from the Park will be used to pay debt service and operating costs, etc. He said that the City's Agency agreement will stipulate that for 55 years, Millennium Housing will

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have to follow the requirements of the agreement (e.g., rents have to remain affordable). He said that once rents get up to \$580-590 per month, the rent can only go up by what is allowed by the City's current rent ordinance whether it exists at that time or not. He clarified that the \$1.2 million will go into a trust account to be used to help subsidize the rent. He identified the other key provisions as follows: 1) residents association will be given the opportunity to purchase the park during the lifetime of the transaction; 2) there is a fixed purchase price in the first 10 year period and after the 10 year period, the purchase price would be the fixed price plus CPI. 3) Upon the repayment of the bonds, the Agency loan would be required to be repaid at an accrued interest rate of 3% simple interest. However, the interest rate is deferred with no payments being made after this time period. He indicated that during the course of the litigation, City contact was made via the attorney for the residents' association board regarding the purchase of the Park, \$30 rent increase, etc. He indicated that Millennium Housing held a couple of meetings with the residents in order to provide additional information. It was his understanding that the purchase agreement between Millennium Housing and the park owners will expire at the beginning of January 2005. There is no indication that the park owner would be willing to extend this period. He stated that there would be restrictions governing a series of actions Millennium Housing would be required to meet with the residents at least twice a year, share the budget and allow residents the opportunity to comment on the operations/maintenance of the park and how funds are to be used.

Council Member Tate noted that Mr. Toy presented a 2 minute overview of what is being considered. He felt that this presentation needs to be lengthened and detailed to the residents, pointing to the agreement where assurances are made so that residents can begin to feel comfortable with the vote. He inquired how staff would suggest that this detailed discussion be conducted.

Mr. Toy indicated that Millennium Housing could hold additional meetings and that staff could be present to go through in detail what is being proposed, including the restrictions and requirements for the transaction.

Mayor Pro Tempore Sellers inquired as to the impacts to new residents and whether there would be precipitous increase in rents.

Mr. Toy said that at close of escrow, any new residents moving into the park would be subject to the new rent increase and would not be eligible for the subsidy.

Mayor Pro Tempore Sellers stated that the reason the City is proceeding with this process is to maintain an affordable mobile home park. He did not know whether the affordability would be reduced every year. He did not know if staff has looked at the affordability as new residents would be moving into the park and paying \$590 per month with CPI increases being factored in every year. He felt that the City needs to look into this concern prior to next week.

Mr. Turk said that as far as the rents are concerned \$590 per month is not high for Santa Clara County rents. If you go by what the Federal government thinks, a low income individual in Santa Clara County can supposedly afford to pay triple this amount. He indicated that the current average rent is in the mid \$360s which is extremely low in California. He clarified that he is not receiving a fee for the purchase but that the Millennium Corporation will be receiving a fee. He noted that \$1.2 million of the \$3 million

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will go toward the rental assistance fund with another \$1 million going toward the bond reserve and another \$400,000-\$500,000 toward the capital improvement fund. He stated that Millennium Housing does not receive the rent. Every dollar is held by the bond trust and that Millennium Housing does not touch any of the bonds. Rents go directly to the management company who pay the bills. He said that he would agree to request that the attorney of the owners draft a letter stating that they will not extend the sale nor sell the Park to the residents. In order to move their lawsuit forward, they have to keep within the court timelines. He said that a substantial cost of the lawsuit is being paid for by the Pacific Legal Foundation, a property rights none profit organization. He stated that that the entire state is looking at this as a test case because if the Pacific Legal Foundation wins the lawsuit, there would be no rent control in California. He informed the Council that in the City of Cotati, the park owners' case will be heard by the Ninth Circuit that on its face seems to indicate that rent control is in serious jeopardy in California. He indicated that there was never a \$40 deal on the table as this offer was proposed by the homeowners and was not accepted by the park owners.

Mayor Pro Tempore Sellers said that he has no doubt that Millennium Housing will have no problems filling the mobile home park spaces. In inquired whether trying to make things better will be creating a situation, in the long term of diminishing affordability at the park.

Mr. Turk stated that in the agreement, Millennium Housing is specifying that the Park will always be occupied by 75% of individuals who are low or very low income. This, in itself, imposes where they can take the rents. If Millennium Housing can operate the park without increases, they would.

Council Member Carr noted that Mr. Turk stated that there would be an agreement for a 10 year period to allow the park residents the opportunity to purchase the park from Millennium Housing's investment only. He inquired whether the investment was the \$12 million bond sale or the \$10+ million cost of the park.

Mr. Turk said that Millennium Housing would agree to sell the park for the initial bond cost of \$12 million plus the City Agency loan if \$1.2 million. However, it will be up to the Agency to decide whether it wants its money to be repaid. He stated that it is illegal to sell property to a non profit for less than its value, thus the reason for the 10-year term. He said that during the 10-year period, the equity of the property would increase and that it could be the residents' down payment.

Council Member Carr noted that it was stated that the average rent being paid today is at \$363.50. He indicated that the City's rent control takes affect when the rent reaches \$590. He noted that the difference between \$360 and \$590 is where the City's loan would come in to subsidize rents. He did not expect that anyone's rent would increase from \$360 to \$590 over night.

Mr. Turk clarified that rents would go up \$30-\$35 dollars. He indicated that Millennium Housing is starting with \$300,000+ in a working capital fund. They are projecting approximately \$900,000 in surplus funds to be held by the trust over the next 10 years. Over a 10 year period, it is expected to generate \$1-\$3 million in cash with a lot of these funds going toward upgrading the park and leaving some in reserves for future capital improvements and toward the rental assistance fund in order to keep it healthy.

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City Attorney Leichter said that all items being stated by Millennium Housing are conditions of the agreement with the Redevelopment Agency. She stated that the City has been in contact with the Mobile Home Park Association Board over the past 3-4 years with regards to various scenarios of purchasing the park by the residents, rent increases, etc. Speaking to the \$40 a month increase, she stated that at the rent control hearing held over 3 years ago, the park owners asked for over \$200 a month in rent increases. They were proposing a substantial rent increase over a period of years. Historically, this would indicate to her that they would not find the one time \$40 a month rent increase as being acceptable. Staff discussed the one time rent increase at one point and that it was rejected. The \$6.7 million appraisal assumes there is rent control and that when you have rent control in place; the park is not as valuable. The park owners, on the other hand, feel that rent control is illegal and that they are getting a better shot by having it declared illegal. If there is no rent control, the price of the park is worth more than the purchase price that Millennium Housing has attached to it under the park owners' appraisals. The park owners believe that the \$10.2 million bond is well below what the park is worth without rent control. She did not believe that the park owners would come down that much off their fixed value of the park. She addressed the legal risks and pending court cases. If the City loses at the United States Supreme Court, it will jeopardize rent control in this country. If this happen, the impact to the City would be that it would be liable for \$1-\$2 million in damages and that there would no longer be rent control in the Park. This is the risk with continuing with the litigation. She indicated that the litigation has been between the City and the park owners and have involved settlement negotiations. She stated that from time to time, the City worked with Bruce Stanton, the attorney for the homeowners association and that the homeowners association board was informed of the various scenarios to determine whether they were acceptable. She was not aware whether the homeowners association board passed the scenarios onto the residents. The homeowners association board may have maintained the confidentiality of the settlement negotiations.

Mayor Kennedy stated that the City tried to get the information to the residents as quickly as possible without jeopardizing the legal actions the City is involved in.

Mayor Pro Tempore Sellers inquired whether the board members were every instructed that this was a confidential situation. He felt that if the homeowners association board was brought into the discussion, the information provided to them was not confidential.

City Attorney Leichter indicated that she did not believe that the information provided to the board was confidential because it would have been disclosure to a third party. It was agreed to between the plaintiffs and the City to disclose some information.

Mayor Pro Tempore Sellers said that there has been discussions that the rental costs will vary by individuals with some paying \$360 while others paying \$590, varying in amounts. He inquired whether park residents have been made aware of what they might expect to pay should the sale go through.

Mr. Turk said that rents at this time go from the high \$200s to \$640. He said that eventually everyone will be paying the same rent. He said that Millennium Housing has been collecting an income survey. He indicated that rent increases would not go into affect until next year. Therefore, Millennium Housing

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will have 60-days to invite individuals to apply for rental assistance. He noted that the park has 166 different rents being paid at this time. He said that in the worst case scenario, there would be a \$30-40 per month increase.

In response to Council Member Carr's question, Mr. Toy indicated that the agreement stipulates a rent increase of \$40 per month per year. Households with hardships can apply for additional subsidies. He indicated that there is a maximum rent increase of \$590 per month.

Mayor Pro Tempore Sellers felt that exists today is a failure to communicate. He felt that the City was well intentioned in its effort and staff conducted a lot of work to get to this point. He also felt that Millennium Housing was well intentioned. As a non profit, their goal is to try to improve a situation where legal issues exist that are pending that may make the situation worse in the near future if the City is unable to move forward. However, he felt that there was still a lot of discomfort over this issue as there are questions that remain unanswered to the satisfaction of some of the residents. There are also concerns raised by the residents that are not getting answered in a way that is making them feel comfortable. He stated that he was inclined to proceed this evening as this would be step one of a two step process. He strongly urged the individuals involved, Millennium Housing and staff to go back and communicate with the residents, on an individual level if necessary. He urged communication to take place within the next week so that individuals can make an informed decision.

Mayor Kennedy indicated that he was invited by the Mobile Home Park homeowners association president John Liegl to attend a meeting in an effort to communicate and keep the dialogue open. He did not believe that it was a failure to communicate. He understands that there are a lot of differences of opinion on whether this is the right solution. He indicated that the City has a rent control ordinance in place that controls mobile park rents throughout the City and that the City has an obligation to protect the ordinance. He noted that it was stated that the City is facing a lawsuit that is at the Supreme Court that will have implications for the entire country, a decision that will be important to all. He felt that this is the best decision that can be attained. He was pleased that the City has Millennium Housing on board. He stated that in his comment that Mr. Liegl is doing a good job as the homeowners associations' president, he was referring to the fact that he has devoted a lot of his personal time and attention to represent and resolve the issues for the homeowners. He felt that it was unfair to attack Mr. Liegl. He encouraged the Council to move forward with this action. In the meantime, have City staff and Mr. Turk meet with the residents who still have objections, answering any remaining questions that exist.

Council Member Tate stated that he has no problem moving forward with the action before the Council this evening because without step two, the action would not mean anything. He felt that there were still questions that need to be answered. He has heard that some residents feel that they were facing a steamroller and that they need a couple of months to move forward. However, Millennium Housing is stating that they need to move quickly as the interest rates are good at this time and want to take advantage of the interest rates. He inquired whether a one week period would be enough time to answer questions.

Council Member Carr indicated that several Council members have been contacted by residents on this issue. He said that the Council has struggled over this issue for some time, including protecting rent

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control of the mobile home parks in the City of Morgan Hill. He apologized for taking so long for this issue to become public, noting that there were legal implications associated with this matter. He understood Mr. Turk to state that the purchase teeters on the interest rates. However, he was uncomfortable with the comments he has heard at the podium and the comments expressed individually about the concerns associated with the voting process and the lack of understanding of the agreement. He stated that the responses to questions by City staff and Mr. Turk have helped to answer his questions. However, he felt that the City needs to create a way to get the questions answered for the residents before the Redevelopment Agency is asked to approve the loan agreement. He would hate to have the loan agreement come back to the Council and not have gone through a number of steps to try to explain and answer the questions related to the sale of the Park. He did not believe that anyone was suggesting that there was anything illegal/improper done with the vote. However, if there is even one voter questioning the validity of the vote, individuals need to think about the process. He indicated that one of the suggestions offered by City staff is that a neutral third party administrator be brought in to talk about this issue (e.g., Project Sentinel). He inquired what can transpire in a week's time to reach out to the Park residents, ensuring that there is an opportunity for all questions to be answered, including staff's involvement in explaining the agreement and where the protection lies within the agreement.

Mr. Turk felt that seven days was enough time to conduct another meeting. He would be willing to meet on Friday, Monday or Tuesday prior to next Wednesday's Council meeting. He was not opposed to a third party overseeing an election. He felt that there may be 30 residents who do not like the concept and that he would like to meet with them to show them that he is not receiving \$200,000 from the purchase and that he can show where the \$3 million is going. He said that if the Council is more comfortable in deferring the resolution to the next meeting, he would support that action as well.

City Attorney Leichter noted that the public hearing was closed unless the Council elected to reopen the public hearing. Unless there was new evidence or testimony that was submitted that was not heard this evening, the public hearing would remain closed.

Mr. Toy noted that the public hearing was closed this evening. The Council could continue the item to be considered with the loan agreement and that meetings could be held with the residents early next week. He indicated that staff would have to present an oral report of the results of the meeting(s) at next week's Council meeting.

Council Member Tate stated that he is willing to move forward with this item this evening as there is another item scheduled for next week's Council meeting necessary to move forward.

Council Member Carr said that he was not sure that the Council was suggesting that this item not move forward this evening. However, it needs to be understood that by moving forward this evening, the Council is not rubber stamping the next process. At next week's meeting, the Council will be expecting to hear answers/results of meeting with the residents.

Council Member Tate noted that the resolution stipulates a \$13 and \$12 million bond. He recommended that the resolution be modified to stipulate \$12 million.

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<u>Action:</u> Council Member Tate made a motion, seconded by Council Member Carr, to <u>Adopt</u> Resolution No. 5853, amending the resolution to stipulate a \$12 million bond.

Mayor Pro Tempore Sellers felt that a drop in session with Mr. Turk would be productive. This would afford residents an opportunity to meet individually with Mr. Turk and staff, having individual concerns addressed and not feel pressured that might be experienced in a group meeting. He wanted to make sure that concerns are addressed before proceeding with the next action item.

Mr. Turk requested that the resolution reflect \$12.5 million.

City Manager Tewes clarified that the resolution that the Council would be adopting would be one that would allow for a maximum bond size. He indicated that from time to time, staff requests that the Council approve a maximum amount to reflect changes that may occur between the initial understanding of the agreement and possible change in interest rates. He felt that it is the intent to have a bond issue of \$12 million. Mr. Turk is requesting more flexibility, thus the reason for the \$13 million. He clarified that the deal would only be financed at the level paid by Millennium Housing Program.

Action: On a motion by Council Member Tate, seconded by Council Member Carr, the motion was <u>amended</u> to reflect a \$12.5 million bond. The motion carried 4-0 with Council Member Chang absent.

OTHER BUSINESS:

12. MORGAN HILL LIBRARY ALTERNATE PROJECT DELIVERY MODEL

City Manger Tewes presented the staff report, stating that it was many months ago when a subcommittee of the City Council made a recommendation for how the City might finance the construction of a 28,000 square foot library in the event that the City's application for State grant monies was not successful. At that time, the Council determined that it would be appropriate to redirect resources that had previously been allocated for flood protection in Morgan Hill to the library project. Staff presented the Council with a series of financing steps that could lead to the construction of the 28,000 square foot library facility, estimated at a cost of \$16.6 million. It was suggested that the budget be increased by another \$400,000 to make it a round \$17 million project. He stated that the financing of this project requires the reallocation of resources from flood control and an increase in development impact fees previously approved by the Council and a series of other measures that would allow the project to proceed. At that time, the City anticipated that the State would have made a decision on the City's application for State funding by the end of October. Therefore, the Council directed that staff return on October 27 with a report on how to proceed. The Council subcommittee also directed staff to analyze a different approach to how the City would manage project construction. He informed the Council that Jim Dumas, City project manager, would present a report and discuss the alternative project delivery model. Recreation and Community Services Manager Spier would comment on the status of the State grant application. He noted that there are a series of recommendations and requests from the Library Commission and the Friends of the Library on a subsequent matter.

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Project Manager Dumas addressed the differences between the multiple prime project management model that could save cost overruns by managing the design process with tighter controls versus the traditional construction management method, including the benefits and drawbacks/risks associated with both models. Should the Council prefer the multiple prime model, the next step would be to write a request for qualifications for a builder/construction management firm for the library. He indicated that the types of projects that lend themselves to the multiple prime model approach are projects that have many subcontractors such as the schools, libraries, City of San Jose City Hall, etc. These are projects with multiple subcontractors. He stated that the role of the City would remain the same regardless of the model used. However, the role of the construction management firm would intensify as they are acting as the construction manager as well as the site supervisor. City staff would have an increased level in processing payments every month. Staff will facilitate financial administration consequences. He indicated that the construction manager provides full time supervision at the site. They also provide a project manager in their office. They organize and supervise the subcontractors; fielding any questions. He felt that the involvement of public works and himself will be at about the same level. Staff's involvement would increase should the Council chose to accelerate the schedule.

Mayor Pro Tempore Sellers inquired whether the City is prepared, at a staff level, to take on additional work, especially in these lean budget times. He stated that one of the biggest challenges faced with the community and aquatics centers was the involvement of the Council. He felt that the Council was sometimes too involved, and in some occasions, not as involved as it should have been. He inquired how the Council's role would shift with the multiple prime model.

City Manager Tewes did not believe that the multiple prime approach would necessitate a different role for the Council. Decisions would remain with the Council to the extent that it wants to be involved at the various stages of the design process. The Council has reviewed schematic drawings and construction drawings at various stages with some projects. He felt that this project has the potential of becoming complex under the multiple prime approach with the different bid packages and/or fast tracking the project. The Council would also be seeing bits and pieces of the project versus viewing it comprehensively as has been the Council's past practice. With respect to staffing, he stated that the City would clearly have extraordinary legal and administrative costs associated with more contracts. There are also insurance and bonding requirements that require conversations that will increase to the extent that the City has to deal with multiple contractors. He did not believe that processing of payments should be an administrative burden because one of the functions of the builder construction management is to ensure that payments are due and payable, presenting them to the City for payment. He felt that the legal/administrative review can be minimized to the extent that the City is willing to stick to its standard contract, including insurance requirements.

Recreation and Community Services Manager Spier indicated that the City is looking forward to the results of the third cycle of the State library bond. She stated that the City should hear about the results of the bond on November 29. She said that traditionally, the State has provided City staff with an agenda about a week prior with ratings. Staff will have a good idea on how it rated and whether the City stands a chance to be awarded a grant. She stated that Senate Bill 1161 was signed by the Governor and that it will be on the ballot in June 2006. She indicated that one of the premises of this bill is that those agencies that are not funded in round three will have priority funding for the \$300 million. She informed

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the Council that the City's application would be as submitted with a 40,000 square foot library project. She addressed the operational readiness of a 28,000 or 40,000 square foot library. It is anticipated that the library will be at the operational level that it is today with a potential that it may be cut if the benefit assessment is not approved by the voters. Staff is recommending that the City wait the 30 days and receive the results of the cycle three library bond. Should the Council decide to ask staff to look at the multiple prime, staff could be performing work toward this model. This would not result in time being wasted. Staff would return to the Council reporting how the City rated and whether the City received funds.

Mayor Kennedy opened the floor to public comment.

Carol O'Hare, incoming president of the Friends of the Morgan Hill Library, requested that the Council review the resolution that was adopted by the Friends of the Morgan Hill Library as attached to agenda item 13 before taking action. She noted that the existing library is more than 30 years old and that the City has been talking about a new library for nearly 10 years. The Friends of the Morgan Hill Library believe that it is in the best interest of the community to begin the construction project immediately so that a new library is built as soon as possible and to ensure that construction costs do not escalate. She did not believe that there were any circumstances that justified waiting for the 2006 library bond and that there is no reasonable expectation of receiving funding from the third round of the current library bond. She stated that the Friends of the Morgan Hill Library are requesting that the Council authorize the library construction project to move forward immediately and not wait 30-days.

Barbara Palmer, member of the Morgan Hill Branch of the American Association of University Women (AAUW), indicated that she is speaking on behalf of the 123 members. She stated her support of the Friends of the Library resolution. AAUW is committed to education and life long learning and believe that the library is the intellectual heart of the community. It is known that the current library building is inadequate and has been so for many years. She felt that it was time to proceed with the construction of a new library without further delay as the citizens of Morgan Hill have waited long enough.

Charles Cameron stated that he is anxious to see a new library proceed. However, he would not object to waiting until November 29 to hear the results of Proposition 14 funding. He requested that the Council proceed as soon as possible with the construction of a new library.

Marie Lamb concurred with the prior speakers and that she would like to see the library project move forward without delay. She felt that three years has been a long time and that in that time period, the cost of the library has gone up tremendously.

Mayor Kennedy stated that should the Council proceed with the action as listed on the agenda this evening; the City can do a lot without delaying the project and still hear what will happen with the library bond application on November 29. It was his understanding that the City could still proceed with the action because the City has to select the construction manager and prepare an RFQ which will take time to do. It appears that there was a way that the City could do both.

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Enar Anderson indicated that the City/community has waited for a library for a long time and expressed concern with further delays. He said that there may be a possibility that the new bond measure may not pass. He felt that it was important to move forward with the library project as soon as possible while funds exist

No further comments were offered.

City Manager Tewes said that should the Council adopt the alternate project model, the Council could authorize staff to prepare the request for qualifications and begin the process of selecting the construction management firm. This would accelerate the process. Within 30 days, the City would not have entered into costly contracts that the City would want to try to get out of should the State agree to pay for two-thirds of the cost for the library.

Council Member Tate stated his support of staff's recommended action and further recommended that the Council state that it prefers the multiple prime approach.

Council Member Carr wanted to make sure that the Council was not confusing anyone by authorizing staff to wait until the results of the State library bond was received. Should the Council agree to approve the multiple prime approach, it should be stipulated that staff is to proceed with this process.

Mayor Pro Tempore Sellers felt that it would be imperative that the Council keep an eye on this and be cognizant of any proposed changes, including any added impacts to City staff. He recommended that this be a topic to be considered at the Council's retreat as well as in its budget discussions. He felt that it made sense for the City to move forward with the library project and not wait until November 29 because the little work that will be accomplished between now and November 29 would not jeopardize any of the City's options. He felt that the issue before the Council is the multiple prime approach and felt that it made sense to proceed with it and see how it will work.

Council Member Tate felt that the Council has to resolve that it will not redesign the library project half way through the multiple prime approach as it could add to the cost of the library if several changes are made through the process versus the other approach.

City Manager Tewes indicated that the multiple prime approach provides for scheduling options and does not specify a particular schedule. This approach allows for fast tracking. However, the risk of fast tracking makes it difficult and expensive to back track if it turns out that the Council wants to change the design halfway through the project.

Mayor Kennedy thanked the Friends of the Morgan Hill Library, AAUW and Library Commissioners for their hard work on the library project. He stated that the City is moving forward with the project, consistent with the resolution.

<u>Action:</u> On a motion by Council Member Tate and seconded by Council Member Carr, the City Council, on a 4-0 vote with Council Member Chang absent, <u>Received</u> the report.

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Action: On a motion by Council Member Tate and seconded by Council Member Carr, the City

Council, on a 4-0 vote with Council Member Chang absent, <u>Authorized</u> City Staff to Proceed and not Wait to Proceed Until Results of State Library Bond Have Been

Received.

Action: On a motion by Council Member Tate and seconded by Council Member Carr, the City

Council, on a 4-0 vote with Council Member Chang absent, <u>Approved</u> the Multiple-Prime Approach, and <u>Authorized</u> Staff to Prepare a Request for Qualification (RFQ) for

Construction Management Services.

Redevelopment Agency and City Council Action

OTHER BUSINESS:

13. FUNDING RECOMMENDATION AND DRAFT OF NEW STRATEGIC VISION FOR LIBRARY PROJECT FROM LIBRARY COMMISSION, AND FRIENDS OF THE LIBRARY RESOLUTION

Recreation and Community Services Manager Spier informed the Agency/Council that the staff report would be presented by Library Commission Chair Chuck Dillmann as adopted by the Library Commission at their last Library Commission meeting.

Mayor/Chairman Kennedy opened the floor to public comment.

Chuck Dillmann, Chair of the Library Commission, stated that the City needs to be careful about its integration of the bid packages to make sure that it does not leave something out with the multiple prime model. He indicated that the Library Commission wrote a letter to the Council requesting the library project move forward and that the City not wait for the results of the library grant. He stated that the Library Commission is not recommending that the City wait for the longer term Senate Bill because there are several items that may cause bond funding not to take place. When the Council last dealt with the question of building the library, the Council identified a budget. There was approximately \$1.3 million that was not allocated to a project at the meeting. He stated that the Library Commission is strongly recommending that this money be held in reserve for the library. It is felt that with escalating construction/material costs, every dollar available should be applied to the library until such time that final construction costs have been determined and that it has been assured that the City will have an adequate library.

Mr. Dillmann addressed the vision document presented to the Council that would get the City to a new library. He stated that a subcommittee was put together, along with library staff and Council Member Tate, who worked on a comprehensive document that covers all aspects of the library even though it is not quantitative. Throughout the document, the Council will see that the library is guided by the principle of being flexible, a multi-use, and being readily expandable. He referred to page 3, chart 6, that states that the Library Commission needs to stay involved every step of the way; keeping the community engaged. He said that the Library Commission will take the community's input and forward

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It is felt that the design should include ease of expansion. He stated that the Library Commission would like to have everyone in the public contribute to the funding of the operation and outfitting the library, indicating that the Friends of the Library has been making outstanding contributions toward this area. They are trying to develop citizen groups and business people who will participate. They would like to improve their ability to be the spokesperson or the conduit for the public to the Council. He stated that the Library Commission would like to improve their ability to be the spokesperson or the conduit for the public to the Council. He stated that the Library Commission will continue to work on the issues and keep the Council apprized.

Council/Agency Member Tate stated that there was a lot of work conducted by the library staff independent of the subcommittee to come up with a great diagram. Library staff has a vision of an outdoor space, incorporating it as a reading room or a place that you can go and be within a library environment and yet have a feel of the outdoors. There was also a vision of what the budget cuts would be and that there may be ways to operate the library for extended hours, in some portions of the library, but not all portions. The library could be designed with adjacencies so that those portions of the library desired to be kept open a little longer could do so easily. He felt that good thought has been put into this effort and that great progress is being made.

No further comments were offered.

Council/Agency Member Tate stated that the Library Commission did a thorough job in looking at all the consequences of what is taking place with Proposition 14 and Senate Bill 1161 to come to the three recommendations before the Council: 1) the library project is to be the number one priority of construction projects; 2) the Council to provide a detailed construction for the new library before the end of the year. He felt that the Council's previous action indicates that it is moving forward with the library before learning the results of Proposition 14 in order to get the schedule in place. 3) Council to re look at funding for the library, leaving the option open to provide additional funding, if necessary. The letter further recommends that the City not wait for Proposition 1161 as there are so many unknowns associated with it. He felt that the Library Commission did a thorough job in analyzing all the pros and cons associated with the proposition at their last meeting. He stated his concurrence with all three recommendations.

Mayor/Chairman Kennedy referred to the Library Commission's second request that the Council place the construction of the new library as the highest priority of construction project. He noted that the City has three major projects to undertake: 1) indoor recreation center, 2) library, and 3) the multi sports complex. He inquired whether the City can proceed with all three projects at the same time and whether there was any reason to slow any of the projects down?

City Manager/Executive Director Tewes responded that staff is not recommending that the Council slow any of the projects down. He stated that the indoor recreation center is much further along than the library. He indicated that the indoor recreation center was delayed several times but is now on track and

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ready to bid in the spring. He did not know whether the recommendation from the library commission suggests that the indoor recreation center should be slowed down. He said that this is a high priority for the City and that staff can complete the project based on the sequences of work that has been put into place. He noted that the outdoor sports complex is further behind as a master plan has not been adopted for this concept. The City will be bidding out the recreation center in the spring and will begin to work on the library, followed by the outdoor sports complex.

Mayor Pro Tempore/Vice-Chairman Sellers stated that he appreciated the presentation and all the work that went into it. Of the three major points addressed by Council/Agency Member Tate, two are straight forward. He felt that there is a strong need and desire to see the new library move forward and that it be assigned a high priority. He said that the Council has the right funding and that it is moving forward at the appropriate rate and as quickly as possible. In this case, it should not be contingent upon other priorities. He said that the reason the Council took extraordinary measures with the aquatics center was the fact that if it was not opened in May/June, the City would be losing significant funds. He noted that at the time, the City did not have an aquatics center and that it wanted to build something that did not exist. He agreed that the City needs to move as quickly as possible with the library and felt that the Council needs to be specific on a deliverable date that is reasonable. However, he wants to make sure that the Council is not making unreasonable demands on staff and expecting more than is reasonable to expect. He shares the goal of completing the new library once started.

Mayor Pro Tempore/Vice-chairman Sellers stated that the Council needs to find the resources to complete the library. He noted that the City has reserves that can be used when there are cost overruns that should be addressed. He felt that the Council needs to make a firm commitment to complete the project while having the flexibility to complete other projects. He did not believe that it made sense to allocate resources when it is not known whether a project will need it but that the Council should make the commitment that if additional funding is needed, it will find the resources to make sure that the project is completed. He stated that he likes the ease of expansion aspect. He felt that it was imperative that the City deals with the civic center site issue otherwise a future council will be in a situation that it wants to expand the library and there is an addition to city hall that will not allow expansion. He felt that this issue needs to be addressed; however, he did not believe that it should hold up or slow down the construction of the library. He was pleased to hear about increased public involvement, a possible funding source(s), and trying to identifying the resources necessary to maintain library operations. He feared that the City would construct a new library and that children would only be able to use it on limited days and not have access to a variety of books. He said that it would be important to identify the financial resources available in the community and tap into these resources. He stated that he and the Council are more than willing to do its part in identifying resources to keep the library open and have all the books/resources available. He stated that he was looking forward toward moving as quickly as possible.

Mayor/Chairman Kennedy noted that the third recommended action is that a construction plan be completed by December 31. He noted that the staff report does not define what the construction plan is. He inquired as to the reasonable date for staff to return with a schedule and a more accurate estimate.

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City Manager/Executive Director Tewes noted that the Council has decided that the City is to use the "multiple prime approach." He stated that the advantage of this model is the potential to save time and manage the costs to a greater degree. By changing the role of the construction management firm, the Council directed staff to find a construction management firm with builder experience. The first thing that the construction management firm will do, once on board, is to sit down with the architect, review the rough schematic designs and develop the construction schedule. He did not believe that coming up with an interim milestone for a construction schedule will lead to having a library built faster. He said that the City would build the library as fast it can and deliver the schedule to the Council once it is ready to be delivered. He stated that the significance of the multiple prime approach is the involvement upfront of the construction management builder.

Council/Agency Member Sellers inquired whether it made sense to include a clause in the contract or in the discussions that informs the construction management firm that the Council wants a library product from them similar to the schematic drawings. He inquired whether inclusion of the clause or statement would alleviate the concerns raised by the Council.

City Manager/Executive Director Tewes indicated that the Council would need to approve the contract with the construction management firm. It is staff's belief that the City would have a construction management firm on board by the middle of December. He requested that the Council give staff the leeway to develop a schedule at the appropriate time with the commitment that staff would deliver the library as soon as possible.

Council/Agency Member Carr noted that with the prior action, the Council agreed to move forward with the multiple prime approach as soon as possible. He noted that staff in attendance this evening understands the importance of this project from the four Council members. He felt that this action would speed the process up. He felt that the Council has met the goal and may have gone beyond the goal/request. He was pleased to see what the Library Commission and the Friends of the Library will be focusing on, especially engaging the community as it is a great role for the Commission to be playing in having the discussions with community members. He felt that it was important to engage the community up front and work toward a sufficient, stable and adequate funding source. He appreciates the fact that the Library Commission and the Friends of the Morgan Hill Library are willing to take this role, expanding the role so that the City can provide the desired resources. He stated that every redevelopment dollar has been allocated to one project or another.

In response to Council/Agency Member Carr's question, Council/Agency Member Tate indicated that the \$1.3 million being asked to be added to the library project is on top of the \$17 million already allocated.

Council/Agency Member Carr said that there is confusion attributed to the resolution presented by Carol O'Hare that requests that the Council/RDA "authorize the new library construction project at the \$17 million level to begin immediately." He noted that this resolution does not include the \$1.3 million. He stated that he is now clear that the Library Commission is requesting \$1.3 million be allocated to the library while the Friends of the Library were not.

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Mayor/Chairman Kennedy opened the floor to public comment. No comments were offered.

Mayor/Chairman Kennedy noted that the Council already acted to keep the remaining \$1.28 million as a reserve and that after the first the year, when the Council conducts its goal setting session; it will prioritize use of these funds.

Council/Agency Member Tate indicated that the action was to receive the reports. He felt that the Council has already taken the actions being requested in spirit if not in an actual statement. He stated that the Council/Agency Board has not accepted the recommendation to allocate the additional funds as the Council/Agency Board has to have this discussion in its goal setting session.

Mayor Pro Tempore/Vice-chair Sellers said that it was his hope that the Council/Agency explained how the City would carry out the actions.

Mayor/Chairman Kennedy noted that it is being recommended that the Council/Redevelopment Agency receive the letter requesting various actions. He stated that the library is one of the highest priorities, if not the highest priority. He would support bringing back a construction plan as soon as possible; allowing staff to come up with a reasonable answer once the City has a construction manager on board. He felt that it was time to move forward with the construction of the library, as well as supporting the staffing necessary to operate the new library. He felt that funding for operations will be an upcoming issue that the City and the community needs to focus on.

Action: On a motion by Agency/Council Member Tate and seconded by Agency/Council Member

Carr, the Agency Board/City Council, on a 4-0 vote with Agency/Council Member Chang

absent, **Received** the Letter from the Library Commission.

Action: On a motion by Agency/Council Member Tate and seconded by Agency/Council Member

Carr, the Agency Board/City Council, on a 4-0 vote with Agency/Council Member Chang absent, **Received** the Presentation from the Library Commission on the Draft of a New

Strategic Vision for the Library.

Action: On a motion by Agency/Council Member Tate and seconded by Agency/Council Member

Carr, the Agency Board/City Council, on a 4-0 vote with Agency/Council Member Chang absent, <u>Received</u> the Resolution from the Friends of the Morgan Hill Library

Recommending that the Library Project Move Forward Immediately.

City Council Action

OTHER BUSINESS: (Continued)

15. DOWNTOWN AREA BUILDING ALLOTMENT

Planning Manger Rowe presented the staff report, requesting direction from the Council on whether to supplement the Residential Development Control System (RDSC) or Measure C with building

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allotments for the downtown area. Staff would also like to know whether the Council wants to advance the filing deadline for the competition to be held in 2005. He informed the Council that it has set aside 15 allocations specifically for the downtown for the first year and another 40 allocations in the second year. He indicated that there are three projects that will be applying for allocations in the first year. For any portion of the 40 allocations not used for projects applying for allotments in this year's competition, the City would allocate to a downtown competition to be held next year. In addition to the 55 units reserved for the downtown, there are 10 units allocated in each of the two years for small vertical mixed used projects for a total of 20 units. This results in the availability of 75 allocations in the downtown over the next two years. He indicated that the City received three projects on October 1 for vertical mixed use; two situated in the downtown and one project located in the downtown area but is considered as a 14 unit residential project. These 3 projects combined are requesting a total of 40 building allocations. Given that the City has 75 allocations and only 40 are being requested, he stated that there are ample allocations available for each of the projects if they receive a qualifying score in the evaluation process. With the completion of the general plan and zoning amendments for the downtown plan, it opens the door for other projects to apply for the competition to be held next year. He stated that based on conversations held with possible project proponents, staff anticipates 160-200 allocations being needed. He identified the set-asides for the upcoming RDCS allocation, including affordable set-asides. He indicated that Business Assistance and Housing Services Director Toy is aware of one project that could come in next year for affordable allocations. He stated that the Council could authorize a special affordable competition next year. He informed the Council that the 50 affordable set asides must be awarded no later than March 1, 2006. He indicated that the Council could shift the 50 affordable units to the downtown and make allocations available in subsequent years and/or take portions of the allocations that could be applied to any set asides. He stated that staff recommends that should the Council want to move allocations around from other set aside categories that the Council first consider the use of the affordable set asides as there are currently no applications for these allocations. Staff is not suggesting that the Council look at taking allocations from the other set asides because the City has a total of 24 RDCS applications that have been submitted, with 21 applications requesting a total of 904 units that includes a number of on going projects. He noted that there are only 135 units available to be granted in the open market rate competition and that this number would be reduced to 95 if you subtract the downtown allocations. As there were no applicants for the affordable set asides, there would be no objections from any current applicants for transferring these set asides. However, the City would need to take a look at how it would make up the loss of the affordable units.

City Manager Tewes stated that Measure C is a complicated system for allocating residential building units in Morgan Hill. He stated that staff has heard from members of the Council as well as members of the development community that the complexity and the limitations in the amount of Measure C units leads to uncertainty for developers who wish to build housing units in the downtown. This does not lead to enough critical mass to make a difference. If it is the Council's desire to increase the amount of housing in the downtown over a shorter period of time, the Council can: 1) reallocate units, or 2) authorize an additional year of competition in order to take advantage of some future year's allocation. To address the uncertainty issue, the Council may wish to consider whether or not it wishes to accelerate the application process. He stated that it would be helpful if the Council could provide staff with direction on how it feels about these major policy issues. Should the City try to accomplish more housing in the downtown faster? Does the Council wish to do so through a reallocation process and/or

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go into a third year allocation? Should the Council wish to pursue this direction, the Council may wish to provide as much direction as possible this evening. Staff to return with specifics at a future date on how the Council may accomplish this. The Council may want to consider the extent to which it wishes to receive input from others, including the various commissions.

Council Member Tate felt that the Planning Commissioners are the experts on juggling the allocations and making sure that the City does not pull from the wrong pieces. He stated that he was leaning toward the recommendation that the Council pull more allocations into the RDCS process. He said that he has heard from developers that allotments need to be pulled in. He wanted to indicate to the Planning Commission how the Council is leaning and see what they can work out to make sure that the allocation distribution works out right.

Mayor Pro Tempore Sellers said that there has been some forward progress associated with the downtown and that there is a significant possibility that the City will see a regression in some of the areas where progress has been seen in the last few years. He felt that the City has given the downtown hope for success in the increase of residential development. The Council has repeatedly stated that it is prudent to increase residences in a core area like the downtown where transit and other resources exist and not spread residential development to the far edges of the community. For these two reasons, he felt that it was imperative that the Council does everything it can to get this critical mass. He felt that the 50 units made sense in the surface, pushing up the years. If the City does not have a critical mass in a fairly short period of time, he did not believe that the City would get anyone to jump in. He said that a concern the City saw, coming out of the process, was that there were some small projects that wanted to move forward. He said that it is the big projects that will make the difference the City wants to see developed in the downtown. He recommended that the Council reconsider the relationship between the downtown and the City's downtown goals and Measure C goals. He stated that there were significant problems that were alluded to between these two. He felt that it made sense to have lower densities on Cochrane and Watsonville Roads but that it does not make sense to decrease densities in the downtown. He supported referring this issue to the Planning Commission, indicating that these are additional questions that should be asked of the Commission, making it clear to them that the downtown area is a high priority in need of critical mass of residential units in short order or the City will be in trouble in the next few years.

Mayor Kennedy agreed that the City needs to proceed with the recommendations identified above and to move as quickly as possible to do so, reallocating the affordable units and move up the competition in order to get more downtown allocations, Doing so would allow the City to move forward with residential development in the downtown.

Council Member Carr said when Measure C was drafted, the Council created a downtown set aside in order to address the issues raised. If there are still some outstanding issues, by having a set aside and a special competition, the issues would be far easier to deal with than the old process of Measure P. He felt that it may just mean getting on track with the new process of Measure C. He felt that there were individuals who are willing to invest in the downtown and that this would be a great opportunity for the Council to demonstrate that it is making a commitment to the downtown and that it wants to provide the certainty that the City Manager addressed. He felt that staff has heard a lot of support from the Council

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about moving allocations forward and doing whatever is possible to provide more certainty in the process for project proponents.

Mayor Kennedy opened the floor to public comment. No comments were offered.

City Manager Tewes inquired whether it was the direction of the Council that staff works with the Planning Commission.

Mayor Kennedy inquired whether the Council wants to provide strong direction to the Planning Commission that this is the direction the Council wants to take.

Council Member Carr would support referring this item to the Planning Commission to work out the details. However, he did not want the Planning Commission to return to the Council and suggest what Mayor Kennedy stated should not happen.

<u>Action:</u> By consensus, the Council referred this matter to the Planning Commission; providing the above stated direction (Council Member Chang absent).

16. AQUATICS CENTER OPERATING BUDGET AND SCHEDULE

Recreation and Community Services Manager Spier presented the staff report, indicating that the aquatics center was opened on June 12. By many accounts, it was a successful first initial operating season. She stated that the aquatics center exceeded the estimated attendance records for each day. She indicated that staff found that the City was not prepared or had the training that it would have liked for the opening of the new aquatics center complex and making it available to the community. She addressed the revenues and expenditures associated with the aquatics center. She informed the Council that swim teams were asked to pay \$600 per lane for swim team practice beginning in September and that they have accommodated this request. Staff has met with the swim teams and advised that in order for the City to meet projections for the remainder of the year, the City would be requiring \$1,000 per lane for the November through February period, indicating that the swim teams have agreed to this rate, generating \$13,000 per month for the 13 lanes. She indicated that in order to be ready in March 2005, the City would have to gear up its staff hiring and programming next March. She stated that staff is recommending that the City retain three full time staff members during this lean time period who will spend time marketing the aquatics facility and begin programming; looking at what worked and did not work during the swim season. Also, to be reviewed are capital items that could increase the aquatics center revenue generations. She stated that in order to reach the assumptions for revenue generation, staff is requesting that the Council allow them to be aggressive and do some out of the box thinking. She identified the 12 recommended action items: 1) keep aquatics center operations open during the off season from November through February; 2) increase daily entrance fee by \$2; 3) increase group swim lessons by \$10 and a \$5 increase for private lessons; 4) increase water polo fee to \$40/hour year round; 5) swim team fees to be increased \$1,000 per month for four months; 6) provide a one week notice of closure if the revenue expectations are not met; 7) staff to return to the Council with a financial progress report in three months; 8) the aquatics supervisor to work on a part time staffing plan in order to have a better control of costs; 9) plan a list of special events; 10) monitor budget goals to determine whether a

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full time custodian can be added to the budget prior to the next operating season; 11) tracking items over the next four months; and 12) maintain the staffing level at a minimum of three over the next four months.

Mayor Kennedy noted that there are some things that would save costs under the operations side. He noted that staff has not included funding for vending machines.

Ms. Spier stated that the recreation supervisor is working on the cost for vending machines and that staff would return to the Council when it has a full report on the capital items at a future date.

Council Member Tate said that he did not know how much of the aquatics center usage was by non residents. By increasing the fees by \$2, the difference from non residential would go from 20% down to 14% for an adult. He stated that he would like to see the increase to non residential usage increase, seeing a wider differential in fees for non residential users in order to offset the increase for Morgan Hill residents. He felt that the trend of percentage reduction in the differential for non residential users was the wrong approach. He noted that staff did not identify the impacts to individuals that pay for week or season passes. He inquired whether the increased rates were corresponding for these passes.

Ms. Spier responded that staff has not looked at the whole spectrum of fees and that this is one of the items that staff will be analyzing during the off season. She indicated that the greatest impact was in the daily fee and that this is the one piece that the City needed to make a change as soon as possible, especially in the off season. She stated that individuals tend to buy passes during the regular season as there is a finite time to it. Individuals are not busying passes in the off season because it is uncertain from week to week whether the aquatics center would remain open. She stated that staff could return to the Council with the review of the various passes. She indicated that a large majority of the aquatics center users were community users.

Mayor Pro Tempore Sellers stated that he supported staff's recommended actions to keep the aquatics center opened year round as long as it is fiscally prudent to do so. He felt that the inclusion of vending machines would be helpful. He recommended that thought be given to the concession stand and not limit the center in this consideration. He recommended creativity in resolving these issue. He said that there were issues associated with getting through the gate/passes; noting that a line formed easily. Another issue was checking bags. He felt that the City dealt with all the policies as best it could this year and that he would like them reconsidered as they are more than just customer service issues. He felt that the City may want to be more liberal with its food allowances by allowing water to be brought into the facility. He felt that more latitude should be given to parents relating to the swim policy associated with three year olds for those who are potty trained as several individuals were offended by City policies. He felt that the onus should be placed on parents. He recommended that the City look at other policies as the pools are developed.

Mayor Kennedy indicated that at the aquatics subcommittee meeting, it was pointed out that bags and belonging inspections uncovered, in a couple of occasions, several knives and other items that in themselves probably make inspections a worthwhile thing to do.

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Mayor Pro Tempore Sellers recommended the City figure out a process such as better communication of policies.

Mayor Kennedy thanked city staff for an outstanding job and making the aquatics center a reality and an overwhelming successful aquatics season.

Council Member Carr stated that as a member of the aquatics subcommittee, he has had an opportunity to go through some of the information in detail. He stated that he was pleased that the City has found a way to keep the pools available throughout the year. He was pleased that the Aquatics Foundation was willing to partner with the City and to help make it work. He felt that there were a couple of issues that the Council needs to continue to talk about; one being the pricing strategy. He supported the continuation of discussions associated with capital outlays that ultimate will be greater revenue generators/cost savings for the City, especially when the Council conducts its goal setting retreat to discuss where the City will be spending RDA dollars and what is remaining in RDA dollars. He wanted to make sure that this is part of that discussion/process. He felt that staff has done a great job with the operation of the aquatics center and supported the recommendations identified by staff.

Mayor Pro Tempore Sellers noted that staff is suggesting that the aquatics center would be closing down with a one week notice should it not meet revenues. He felt that staff should do everything it can to return to the Council before closing down the facility.

Mayor Kennedy opened the floor to public comment.

John Rick stated that Aquatics Foundation supports staff's proposal. He said that he spent a lot of time with staff looking over the assumptions and revenue projections, indicating that they would be challenging for the next five to six months but that they are achievable. It is the Foundations belief that everyone wants the aquatics center to succeed. In order for the aquatics center to succeed, he felt that the Council has to give it the opportunity to succeed. He stated that the Foundation will continue to provide whatever operating subsidy it can. He noted that as the aquatics center got closer to completion, a lot of the necessary competition equipment was value engineered out. He indicated that the Foundation has already spent over \$11,000 purchasing items such as starting blocks, back stroke flags, water polo swimming timing consoles, storage sheds, etc. He stated that a large event is scheduled for the end of March called "Far Westerns" to be hosted at the aquatics center. He said that there would be 1,000 to 1,500 of the fastest age group swimmers from throughout the western United States at this four day event. One way or another, the rest of the equipment needs to be purchased. He stated that the Foundation could purchase the items but that this would result in less money being applied toward operations. He indicated that he would be asking staff to return to see if there is a way to free up some capital monies to fund the expenditures for this event.

No further comments were offered.

Mayor Kennedy stated his support of spending money that will increase revenues.

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Council Member Carr stated that he would like to move forward this evening with staff recommend actions, but requested that staff make sure that the percentage difference is not decreasing between residential and non residential users. He recommended that this return to the Council at a future date.

Action: On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Carr, the

City Council, on a 4-0 vote with Council Member Chang absent, <u>Approved</u> the Proposed

Year-Round Operating Schedule for the Aquatics Center.

Action: On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Carr, the

City Council, on a 4-0 vote with Council Member absent, <u>Accepted</u> the Projected Budget

for the Remainder of Fiscal Year 2004-2005.

Action: On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Carr, the

City Council, on a 4-0 vote with Council Member Chang absent, <u>Directed</u> Staff to Return to Council in Three Months with a Progress Report Regarding Operational Budget

Recovery.

2. <u>CONDUCT OF SPECIAL RUNOFF ELECTION IN THE EVENT OF A TIE VOTE(S)</u> – Resolution No. 5851

City Attorney Leichter indicated that the resolution before the Council calls for a special runoff election in case of a tie vote. She indicated that the resolution would be modified to clarify that a special runoff election would be held should a tie vote result where there are more than two candidates running for a particular elected office. She stated that she would insert this clarifying language in the appropriate places in the "Whereas" clause and in Section 1 of the resolution.

Action:

On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Tate, the City Council, on a 3-1 vote with Council Member Tate voting no and Council Member Chang absent, <u>Adopted</u> Resolution No. 5851, Providing for the Conduct of a Special Runoff Election for Elective Offices in the Event of a Tie Vote at any Municipal Election, as amended by the City Attorney.

Redevelopment Agency and City Council Action

CLOSED SESSIONS:

Agency Counsel/City Attorney Leichter announced the below listed closed session items, indicating that one of the closed session items can be deferred until next week. However, one item would need to be discussed this evening.

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)

2

Number of Potential Cases:

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OPPORTUNITY FOR PUBLIC COMMENT

Chairman/Mayor Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Chairman/Mayor adjourned the meeting to Closed Session at 11:00 p.m.

RECONVENE

Chairman/Mayor reconvened the meeting at 11:15 p.m.

CLOSED SESSION ANNOUNCEMENT

Chair/Mayor Kennedy announced that no reportable action was taken in closed session.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Chairman/Mayor Kennedy adjourned the meeting at 11:16 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, AGENCY SECRETARY/CITY CLERK

Submitted for Approval: November 17, 2004

CITY OF MORGAN HILL JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES – NOVEMBER 3, 2004

CALL TO ORDER

Mayor/Chairman Kennedy called the special meeting to order at 6:00 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Sellers, Tate and Mayor/Chairman Kennedy

Late: Council/Agency Member Carr (arrived at 6:30 p.m.)

Absent: Council/Agency Member Chang

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

City Attorney/Agency Counsel Leichter announced the below listed closed session items:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases: 4

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Government Code Section 54956.9(a)

Case Name: General Lighting Service, Inc. v. Wells Construction, City of Morgan Hill, et al.

Case Number: Santa Clara County Superior Court, 1-04-CV-025561

3.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Government Code Section 54956.9(a)

Case Name: Halstead Drywall, Inc. v. Wells Construction, City of Morgan Hill, et al.

Case Number: Santa Clara County Superior Court, 1-04-CV-026030

4.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Government Code Section 54956.9(a)

Case Name: The Don Chapin Company v. Stevelle Construction, City of Morgan Hill, et al.

Case Number: Santa Clara County Superior Court, 5-04-CV-000790

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OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairman Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor/Chairman Kennedy adjourned the meeting to Closed Session at 6:03 p.m.

RECONVENE

Mayor/Chairman Kennedy reconvened the meeting at 6:58 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney/Agency Counsel Leichter announced that authority was given to defend the City in cases 2, 3 and 4 as listed on the agenda.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

Mayor Kennedy announced that Mikayla Lacerda was serving as Mayor for the Day. At the invitation of Mayor/Chairman Kennedy, Mayor for the Day Lacerda led the Pledge of Allegiance.

PROCLAMATIONS

Mayor Kennedy and Mayor for the Day Lacerda presented David Wilson a proclamation declaring November 21–27, 2004 as *National Family Week*. Mr. Wilson indicated that for the fifth year, the main activity to recognize and celebrate National Family week in Morgan Hill is a poster contest. All elementary and junior high schools have been invited to participate in the poster contest with the theme for this year *My Favorite Family Activity*. He stated that the winning posters will be placed on display in the Community Center from mid-November to mid-December.

Mayor Kennedy and Mayor for the Day Lacerda presented Barry Del Buono, President and CEO of the Emergency Housing Consortium, with a proclamation declaring November 14-20, 2004 as Hunger & Homelessness Awareness Week.

AWARDS

Chris Hogg, representing the Morgan Hill Bicycle and Trails Advisory Committee, presented Deputy Director of Public Works Karl Bjarke with the *Morgan Hill Cycling and Trail Awareness* Award in recognition of his promoting bicycle riding as a means of reducing pollution and traffic problems in Morgan Hill.

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CITY COUNCIL REPORT

Council Member Tate congratulated everyone who was involved in the electoral process that took place on November 2, 2004. Now that the results are in, he felt that the City can move forward. He stated that the Council is looking forward to having Mark Grzan joining them and getting work done. He indicated that a week ago, the Council made a strong statement that the City would be moving forward with a new library. He said that the City has some items to worry about in terms of making sure that the library is made accessible as much as possible, noting that the library has been closed on Mondays due to lack of funding. He indicated that an existing parcel tax is due to expire, noting that a March 2004 ballot measure that would have extended the parcel tax was unsuccessful. He stated that the City/County is looking at placing another ballot measure to extend the parcel tax sometime in 2005. He said that citizen support is welcomed as he would hate to see the newly constructed library close during the week due to lack of operational funding. He stated that he recently rotated into the Council's Finance & Audit Committee. Now that the election is over, the Finance & Audit Committee will be reviewing the City's budget strategy. He indicated that the City adopted a budget strategy that states that there will be permanent structural cuts. The City has already implemented some of structural budget cuts. The budget strategy also states that the City will be making revenue enhancements, noting that the Council has not moved forward with this item. He stated that the Finance & Audit Committee is looking forward at having the Council's annual retreat in January and performing exercises to focus on how to proceed with the revenue enhancement piece of the budget strategy. On Monday, the Youth Advisory Committee (YAC) held a regular meeting. Part of this meeting was a presentation by Project Cornerstone who presented an opportunity for the YAC become involved with a Neighborhood Connection project. He stated that the YAC decided to get involved with this project that develops an intergenerational project in the community that promotes a caring neighborhood and for young people to feel valued. He stated that he is looking forward in working with YAC members on this project.

CITY MANAGER REPORT

City Manager Tewes stated that the most recent monthly water testing results suggests that there is no evidence of the chemical perchlorate at levels of detection in any of the City's municipal water wells that are not already being treated with ion exchange, a procedure that removes perchlorate from the water.

CITY ATTORNEY REPORT

City Attorney Leichter stated that she did not have a report to present this evening.

OTHER REPORTS

Mayor Kennedy reported on the Indian Gaming Casino and the Sargent Ranch project. He stated that he and City Manager Tewes were recently invited to attend a meeting sponsored by the City of Gilroy to talk about the issues relating to a proposed Indian gaming casino to be located on Highway 25 near the Santa Clara County/San Benito County line. There is also a proposed project in the Sargent Ranch area located southwest of Gilroy. In attendance were representatives from the Cities of Gilroy, Hollister, Morgan Hill and San Juan Bautista, as well as representatives from the Santa Clara County Board of

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Supervisors (Don Gage), Pat Loe from San Benito County; Steve Kinsella, President of Gavilan College; Edwin Dias, Gilroy Unified School District; a representative from the San Benito County School District; Sylvia Hamilton, San Martin; and Bernadette Arellano, representing Congressman Mike Honda's office. He stated that the purpose of the meeting was to place all issues on the table of what is being proposed. He stated that the group focused on asking the applicant and project proponents to provide definitions for the two projects. The committee would review associated impacts and mitigation measures (e.g., impacts to traffic, air, water, sewer quality; social impacts to jobs, schools and crime; impacts to local restaurants, hotels, and motels; loss of agricultural land, etc.). Should the project(s) move forward, all communities want to be at the table and have their concerns/issues represented. It was agreed that everyone needs to learn more about the gaming industry. He stated that the goals established at the meeting were: 1) the creation of a formal working coalition that would represent all affected communities; 2) assurance that the coalition works together for the benefit of the entire region; 3) agreed to get educated on the formal processes that would be followed through federal, state and other agencies in order to get a complete definition and information on both projects and their status. 4) This committee to be the provider of accurate information to the press and the public; creating forums to educate the public on these two projects. The group talked about a workplan in order to become educated on the process involving federal laws and legal implications. He stated that information was requested from Congressman Mike Honda's office. County Board of Supervisor Don Gage will provide information on the State requirements/implications. There was also discussion of a follow-up meeting to talk about the process. The group also talked about the possibility of establishing a memorandum of understanding, a preferred meeting location of Gilroy, and having Jay Baksa, Gilroy City Administrator, as the coordinator of the Committee. Press relations to be handled by Tony Bruscia, Mayor of Hollister. He stated that additional information would be provided to the public as it becomes available.

PUBLIC COMMENT

Mayor/Chairman Kennedy opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

City Council Action

CONSENT CALENDAR:

Action:

On a motion by Council Member Tate and seconded by Council Member Carr, the City Council, on a 4-0 vote with Council Member Chang absent, <u>Approved</u> Consent Calendar Items 1-10 as follows:

1. BI-ANNUAL VACANCY RATE SURVEY

<u>Action:</u> <u>Established</u> the Bi-Annual Vacancy Rate for October 2004 as Recommended by the Planning Commission.

2. <u>ANNEXATION APPLICATION, ANX-03-01: HILL-GERA</u> *Action: Adopted Resolution No. 5854, Approving Annexation.*

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3. <u>APPROVE CONSULTANT AGREEMENT AMENDMENT WITH HARRIS & ASSOCIATES FOR 2003/2004 PAVEMENT RESURFACING PROJECT</u>

<u>Action:</u> <u>Approved</u> Consultant Agreement Amendment with Harris and Associates for Providing Additional Construction Inspection Services for the 2003-2004 Pavement Resurfacing Project.

4. <u>APPROPRIATE FUNDS FOR THE COYOTE CREEK TRAIL CONNECTION PROJECT</u>

<u>Action:</u> <u>Appropriated</u> \$12,000 From the Current Year Un-Appropriated Street Fund (202) Balance to Cover Non-Grant Related Costs Associated with This Project.

5. <u>REJECTION OF BIDS FOR SANITARY SEWER ROOT TREATMENT ABATEMENT PROJECT</u>

<u>Action:</u> <u>Rejected</u> the Bid Received on October 14, 2004 for the Sanitary Sewer Root Abatement Project.

6. RESOLUTION AMENDING CITY'S CONFLICT OF INTEREST CODE REPORTING CATEGORIES

<u>Action:</u> <u>Adopted</u> Resolution No. 5855, Amending the List of Positions Subject to the City's Conflict of Interest Code.

7. <u>AWARD OF CONTRACT FOR THE 2004-2005 SIDEWALK, CURB AND GUTTER</u> REMOVAL AND REPLACEMENT PROJECT

<u>Action:</u> 1) <u>Awarded</u> Contract to QLM, Inc. for the Construction of the 2004-2005 Sidewalk, Curb and Gutter Removal and Replacement Project in the Amount of \$94,553; and 2) <u>Authorized</u> Expenditure of Construction Contingency Funds Not to Exceed \$9,457.

8. <u>UPDATE ON DEVELOPMENT PROCESSING SERVICES STUDY</u> <u>IMPLEMENTATION</u>

<u>Action:</u> 1) <u>Accepted</u> Report on the Implementation Status of Development Processing Services Study Recommendations; and 2) <u>Directed</u> Staff to Report Back on the Implementation Status in May 2005.

9. JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF OCTOBER 20, 2004 Action: Approved the Minutes as written.

10. SPECIAL CITY COUNCIL MEETING MINUTES OF OCTOBER 27, 2004 Action: Approved the Minutes as written.

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Redevelopment Agency Action

CONSENT CALENDAR:

On a motion by Agency Member Tate and seconded by Agency Member Carr, the Agency Board, on a 4-0 vote with Agency Member Chang absent, <u>Approved</u> Consent Calendar Items 11 and 12 as follows:

11. RELEASE OF BID FROM ABCO CONSTRUCTION AND REJECT ALL BIDS FOR THE HISTORIC LaMALFA HOUSE MOVE

<u>Action:</u> 1) <u>Released</u> ABCO Construction from their August 25, 2004 Formal Bid for the LaMalfa House Move Project; and 2) <u>Rejected</u> All Other Bids.

12. AWARD PURCHASE ORDER FOR THE LaMALFA HOUSE MOVE PROJECT

<u>Action:</u> 1) In Accordance with Section 3.04.150(A) of the City Municipal Code, <u>Determined</u> that the Competitive Bid Process for the LaMalfa House Relocation Project would not likely result in a Lower Price to the City from a Responsible Bidder and/or would Cause Unnecessary Expense or Delay of the Project; 2) <u>Approved</u> a Purchase Order in the Amount of \$37,000 with Kelly House Movers for Relocating the LaMalfa House; and 3) <u>Authorized</u> a \$6,000 Contingency Fund.

Action:

Action:

As the Council has an adopted policy of considering public hearings on or after 7:30 p.m. and it not yet being 7:30 p.m., the Council/Agency Board <u>agreed</u> to consider agenda item 17 at this time.

Redevelopment Agency Action

OTHER BUSINESS:

17. LOAN TO MILLENNIUM HOUSING

Business Assistance and Housing Services Director Toy presented the staff report, indicating that the item before the Redevelopment Agency is the second step of a two step process to provide financing to Millennium Housing for the purchase of the Hacienda Mobile Home Park. He indicated that last week, the Redevelopment Agency took the first step of approving the issuance of tax exempt bonds by Independence Cities Lease Financing Authority on behalf of Millennium Housing to purchase the Park. At that meeting, the Agency Board requested that Millennium Housing make an effort to provide additional information to the residents regarding the purchase of the Park as well as providing an opportunity for the residents to meet with representative(s) to discuss their concerns, and receive answers to their questions. He informed the Council that a flier was distributed to all residents last Friday indicating that Millennium Housing would be holding the equivalent of office hours from 12:15 – 5:30 p.m. on Monday in the clubhouse. He indicated that City staff was in attendance from approximately 2:00 – 5:00 p.m. and met with approximately 30 individuals during this timeframe to discuss their issues, questions and concerns. He highlighted the key terms of the loan and provisions

City of Morgan Hill Joint Special & Regular City Council and Special Redevelopment Agency Meeting Minutes – November 3, 2004 Page - 7 –

associated with the purchase of the Park. He noted that George Turk, president of Millennium Housing, was in attendance to answer questions that the Agency Board Members may have.

Vice-chairman Sellers noted that it was stated that Millennium Housing would not evict anyone from the Park should residents be unable to pay increased rents. If someone was unable to pay the increased rent and were evicted, he inquired as to the recourse the resident would have.

Mr. Toy stated that within the loan agreement, there is a provision that Millennium Housing could not evict a tenant because they were not able to pay the increased rent. One recourse would be for the evicted resident to come before the Redevelopment Agency and indicate the reason for eviction. The Agency would, in turn, talk to Millennium Housing. If evicted for inability to pay the increased rent amount, it would be considered a default of the agreement with Millennium.

Vice-chairman Sellers felt that it would be important to make the residents aware of their recourses.

Chairman Kennedy opened the floor to public comment

Earle Dart, long time resident of Hacienda Mobile Home Park, requested that the Council move forward with the time sensitive Millennium Housing proposal as it is in the best interest of the Park residents. He informed the Agency Board that most of the Park residents appreciate all that has been done by the City to protect them in past years and the thousands of dollars given to make needed upgrades to coaches.

Eleanor Sanford indicated that she moved to Morgan Hill six years ago from Santa Clara hoping to find a safe and secure place to live. She felt that it is apparent that rent control will be going away. She said that the property owner wants to charge more money, indicating that 2-3 years ago, he implemented a \$200 rent increase. The residents were able to raise \$10,000 to fight the lawsuit, resulting in a win for the residents. She felt that the owners will continue to pursue rent increases until cities refuse to fight and spend more money. If the owner does not sell to Millennium Housing, he will sell to someone else, possibly a developer. This would result in everyone losing their homes. She felt that Millennium Housing would provide the residents with a safe and secure deal for many years.

Ed Carr, a 29-year Hacienda Mobile Home Park resident, addressed rent increases that have occurred over the years and the difficulty of pursuing lawsuits. He requested that the City assist Millennium Housing with the purchase of the Park as the majority of the residents support its purchase.

Nancy Ackerman indicated that she moved to Hacienda Mobile Home Park five years ago as rent control was in place in Morgan Hill. She stated that she paid \$320 per month in rent at that time. The downside to rent control is that the park owner felt that he was not making money. Therefore, large dollars were not put into the park, resulting in the park looking rough around the edges. She said that many residents are pleased to hear that Millennium Housing will be purchasing the Park. She did not believe that \$30-\$40 per month rent increase was outrages. She felt that having a maximum rent of \$590 per month is better than the \$900 per month being charged in Sunnyvale. She thanked the City for having rent control in place as it has made a difference.

City of Morgan Hill Joint Special & Regular City Council and Special Redevelopment Agency Meeting Minutes – November 3, 2004 Page - 8 –

John Liegl, speaking as a private citizen and spokesperson for the Hacienda Valley Mobile Estates homeowners, indicated that the homeowners voted 101-35 in favor of the purchase. He stated that 27 residents did not vote and one house was vacant. He felt that with the purchase of the Park by Millennium Housing would allow residents to steer their own course, making decisions on how they will be governed and be secure in their futures. He stated that the homeowners object to having a landowner who is distant and cannot make decisions that benefit the small community. The residents also object to having no voice and losing control over its future. He noted that Morgan Hill has suffered from an onslaught of law suits, the insecurity of rent control, the threat of conversion to apartments, condominiums or worse. He said that residents acknowledge the efforts and sacrifices the City has made in the past on the residents behalf. The residents know that this action will benefit other mobile home park residents in the future.

Bill Keig indicated that he moved to Morgan Hill in 1968 and that he has been a resident of the Hacienda Valley Mobile Estates for the past four years. He stated that he pays \$369.55 per month in rent at this time. As he understands the proposal, on February 1, 2005, his rent will increase by \$40 to \$409. In the succeeding four years, he will be paying \$409, \$449, \$489 and \$529 per month. He felt that the residents would face two risks by failing to move forward with Millennium Housing: 1) rent control could be overthrown by the courts. If this happens, it would increase rents by \$200 per month per unit. 2) Sale of the park by the owner to a private party. In this event, the increase could be anywhere from \$200-\$1,000 to evection. He urged the Council to approve the proposal.

Frances Thrailkill, a 21-year Hacienda Park resident, stated that she would not have been able to stay in the Park when she lost her husband as her income decreased by more than half. Therefore, it would be a hardship should the rent keep going up. She thanked the Council for all its help.

No further comments were offered.

Action:

On a motion by Agency Member Carr and seconded by Agency Member Tate, the Agency Board, on a 4-0 vote with Agency Member Chang absent, <u>Authorized</u> the Executive Director to do Everything Necessary to Execute the Required Agreements with Millennium Housing for a \$1.2 Million Loan, Including Making Modifications; Subject to Review and Approval by Agency Counsel.

City Council Action

PUBLIC HEARINGS:

13. <u>AGREEMENT AMENDMENT, DAA-03-09: NATIVE DANCER-QUAIL MEADOWS</u> – Ordinance No. 1701, New Series

Planning Manager Rowe presented the staff report, recommending that the Council introduce an Ordinance approving the amendments, incorporating a two-year extension for the sale of custom lots.

Mayor Kennedy opened the public hearing.

City of Morgan Hill Joint Special & Regular City Council and Special Redevelopment Agency Meeting Minutes – November 3, 2004 Page - 9 –

Scott Schilling indicated that he would answer any questions that the Council has regarding the six, 1 acre custom lots to outside buyers.

No further comments being offered, the public hearing was closed.

Action: On a motion by Council Member Tate and seconded by Council Member Carr, the City

Council, on a 4-0 vote with Council Member Chang absent, <u>Waived</u> the Reading in Full

of Ordinance No. 1701, New Series, the Development Agreement Ordinance.

Action: On a motion by Council Member Tate and seconded by Council Member Carr, the City

Council <u>Introduced</u> Ordinance No. 1701, New Series, by Title Only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MMP-03-01: NATIVE DANCER – QUAIL MEADOWS (APN 779-02-014) (DA-03-09: NATIVE DANCER – QUAIL MEADOWS) by the following roll call vote: AYES: Carr, Kennedy,

Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

14. <u>OUT OF URBAN SERVICE AREA REQUEST, OSR-04-01: HOLIDAY-CORBIN</u> – *Resolution No. 5856*

Planning Manager Rowe presented the staff for a request to extend city sewer connection to property located on Holiday Drive. Staff recommended Council approval of the request by adoption of a resolution.

Mayor Kennedy recollected that the City typically includes a condition that requires the applicant agree to annex to the City as part of the approval of sewer connection.

Mr. Rowe stated that in order to extend City services, the City's code requires that the property owner enter into a sewer annexation agreement, a recorded document that includes a provision that stipulates that the property owner and successors in interest would agree not to protest the annexation of property anytime in the future should the opportunity present itself to bring the land into the City. He indicated that this condition could be added to the resolution.

Mayor Kennedy recommended that Section 6 be amended to add the statement: "The applicant agrees to annexation, should the City request it."

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action: On a motion by Council Member Carr and seconded by Council Member Tate, the City Council, on a 4-0 vote with Council Member Chang absent, Adopted Resolution No. 5856, adding Section 6, subsection 5 to the resolution to state that the applicant agrees to annexation, should the City request it.

15. OUT OF URBAN SERVICE AREA REQUEST, OSR-04-02: MONTEREY-SUH – Resolution No. 5857

City of Morgan Hill Joint Special & Regular City Council and Special Redevelopment Agency Meeting Minutes – November 3, 2004 Page - 10 –

Planning Manager Rowe presented the staff report for a request to extend sewer to property located on Holiday Drive. Staff recommended approval of a resolution that would allow for sewer connection. He informed the Council that this property is already in the City limits and would not require the condition that was placed on the prior resolution.

Mayor Kennedy opened the public hearing.

Scott Schilling indicated that an existing swale exists behind the new house location that is prone to flooding the area. He indicated that this section of the home is within the 100-year flood plain. He stated that the new home location will be right up to Monterey Road, noting that there are 3-4 existing homes being served by City sewer. It was his belief that City sewer was approved for these homes because of the flood plain issue and the location of the swale. He has been conducting a lot of work with the Water District and that they will be taking the full right of way for the PL566 channel. As part of the grading, he will be digging a portion of the channel to its full width with the first phase of the project. When the channel is completed, it will more than likely eliminate a significant portion of the area from the flood plain and alleviate the flooding problem.

No further comments being offered, the public hearing was closed.

Action: On a motion by Council Member Tate and seconded by Council Member Carr, the City Council, on a 4-0 vote with Council Member Chang absent, Adopted Resolution No. 5857.

16. ZONING AMENDMENT, ZA-04-19: TEXT AMENDMENT TO THE SUBDIVISION ORDINANCE – Ordinance No. 1702, New Series

Planning Manager Rowe presented the staff report, indicating that the Council requested that staff amend the subdivision ordinance to no longer require an automatic Council review of Planning Commission approved tentative maps. He said that although the ordinance amendment would eliminate the automatic review of Planning Commission approved tentative maps, the Council can still appeal, review the conditions, and consider the approved tentative map(s).

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action: On a motion by Council Member Tate and seconded by Council Member Carr, the City Council, on a 4-0 vote with Council Member Chang absent, <u>Waived</u> the Reading in Full of Ordinance No. 1702, New Series.

Action: On a motion by Council Member Carr and seconded by Council Member Tate, the City Council Introduced Ordinance No. 1702, New Series, by Title Only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING TITLE 17, CHAPTER 17.20 OF THE MORGAN HILL MUNICIPAL CODE, THE SUBDIVISION ORDINANCE, REPEALING SECTION 17.20.110, REQUIRING CITY COUNCIL REVIEW OF TENTATIVE SUBDIVISION MAPS by

City of Morgan Hill Joint Special & Regular City Council and Special Redevelopment Agency Meeting Minutes – November 3, 2004 Page - 11 –

the following roll call vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

Council Member Sellers noted that the City has a relationship with the Community Foundation and the Morgan Hill Medical Health Foundation who have come before the Council and made presentations; advising the Council of their activities, expenditures, etc. He requested that the Aquatics Foundation provide the Council with a similar presentation at the next Council meeting or as soon as possibly convenient.

ADJOURNMENT

There being no further business, Mayor/Chairman Kennedy adjourned the meeting at 7:59 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY



REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: November 17, 2004

OCTOBER 2004 FINANCE & INVESTMENT REPORT

Finance Director Submitted By:

Executive director

Agenda Item # 13

Accept and File Report

RECOMMENDED ACTION:

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of October 2004. The report covers activity for the first four months of the 2004/2005 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL

Monthly Financial and Investment Reports

October 31, 2004 – 33% Year Complete



Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA

FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05 FOR THE MONTH OF OCTOBER 2004 - 33% OF YEAR COMPLETE

Revenues

Through October 31, the Redevelopment Agency received \$175,936 in property tax increment revenues. Most property tax increment revenues are received in December and April. The Redevelopment Agency, as of October 31, 2004, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$78,821,752, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2004/2005 were collected under the plan amendment.

An amount of \$194,817 in interest earnings and other income was received through September. Additional interest earnings for October have not yet been apportioned, but will be apportioned in January 2005 following the end of the quarter ending December 31.

Expenditures

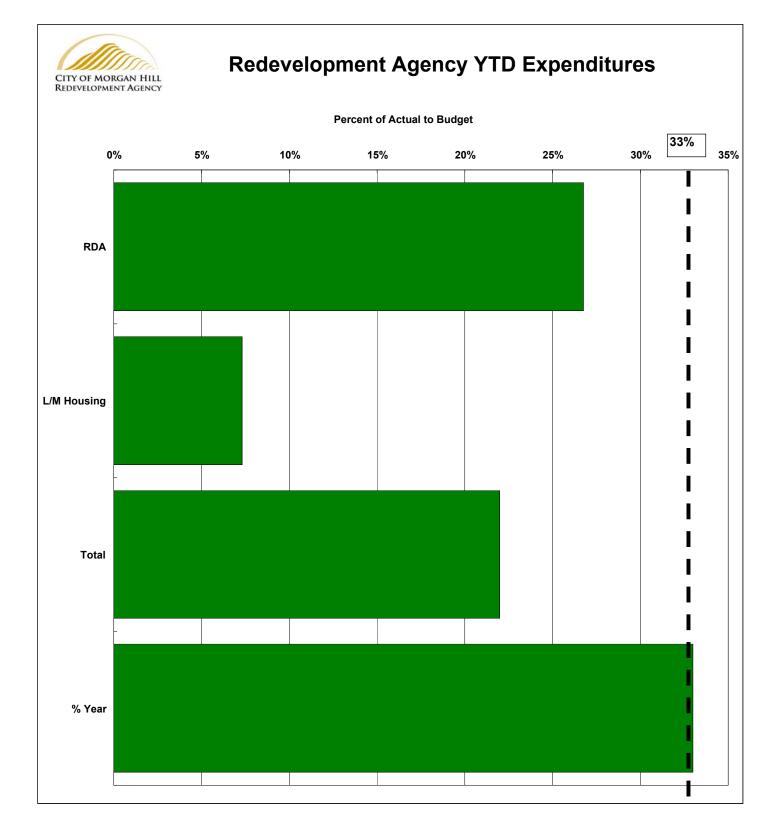
Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$5,429,296 and were 27% of budget. Of this total, \$2,732,590 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 13% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 31% of budget. Through October 2004, CIP project expenditures totaled \$1,814,597, including \$182,078 for Tennant Avenue Widening, \$460,028 for the Indoor Recreation Center, \$865,084 for the Aquatics Center, and \$281,625 for 2003/04 Street Resurfacing.

Expenditures plus encumbrances for Housing were at 7% of the budget for a total of \$482,151. All of the 2004/05 housing related expenditures have been funded with tax increment collected under the plan amendment.

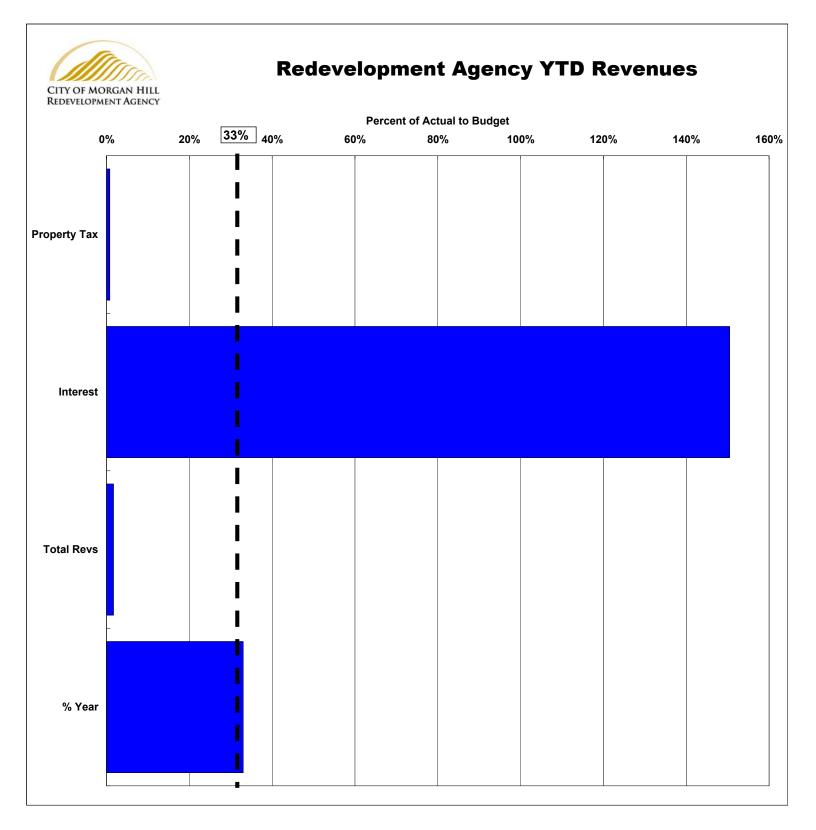
Fund Balance

The unreserved fund balance of negative (\$664,942) for the Capital Projects Fund at October 31, 2004, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$2.7 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments were subtracted from the negative (\$664,942), the remaining unreserved fund balance at October 31 would be a negative (\$4,974,942). However, these commitments are expected to be paid out over the next 2 to 3 years. Staff will bring a short-term borrowing plan to the Board in the near future, if needed, to finance cash flow needs. The Capital Projects Fund cash balance at October 31 was \$2,109,030.

The unreserved fund balance of \$6,474,412 for the Housing Fund at October 31 consisted of funds all collected under the plan amendment.



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$20,295,344	\$5,429,296	27%
HOUSING	6,589,093	482,151	7%
TOTALS	\$26,884,437	\$5,911,447	22%



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$22,017,627	\$175,936	1%	\$148,141	19%
INTEREST INCOME/RENTS/OTHER	\$129,408	\$194,817	151%	\$128,278	52%
TOTALS	\$22,147,035	\$370,753	2%	\$276,419	34%



Redevelopment Agency Fund Balance Report - Fiscal Year 2003/04 For the Month of October 2004 33% of Year Complete

		Unaudited	Revenue	s	Expenditu	res	Year to-Date	Ending Fu	nd Balance	Cash and In	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-04	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$4,552,734	282,670	2%	2,696,706	13%	(2,414,036)	2,803,639	(664,942)	2,109,030	
							(', ', ',				
327/328	HOUSING	\$6,868,967	88,083	2%	409,526	6%	(321,443)	72,625	\$6,474,899	6,665,382	
		•									
TOTAL C	APITAL PROJECT FUNDS	<u>\$11,421,701</u>	370,753	<u>2%</u>	3,106,232	<u>12%</u>	(2,735,479)	2,876,264	5,809,957	8,774,412	
SUMMAR	RY BY FUND TYPE										
	CAPITAL PROJECTS GROUP	\$11,421,701	370,753	2%	3,106,232	12%	(2,735,479)	2,876,264	5,809,957	8,774,412	
	TOTAL ALL GROUPS	\$11,421,701	370,753	2%	3,106,232	12%	(2,735,479)	2,876,264	5,809,957	8,774,412	
	TOTAL CASH AND INVESTMENTS									8,774,412	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency Year to Date Revenues - Fiscal Year 2004/05 For the Month of October 2004 33% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll Development Agreements	17,280,277	17,280,277	140,749	1% n/a	118,513	22,236	19% n/a
Interest Income, Rents Other Agencies/Current Charges	17,031	17,031	30,483 111,438		56,821 20,719	(26,338) 90,719	-46% <u>438%</u>
TOTAL CAPITAL PROJECTS	17,297,308	17,297,308	282,670	<u>2%</u> _	196,053	86,617	<u>44%</u>
327/328 HOUSING							
Property Taxes & Supplemental Roll Interest Income, Rent Other	4,737,350 112,277 100	4,737,350 112,277 100	35,187 52,445 451	1% 47% <u>451%</u> _	29,628 50,147 591	5,559 2,298 (140)	19% 5% <u>-24%</u>
TOTAL HOUSING	4,849,727	4,849,727	88,083	<u>2%</u>	80,366	7,717	<u>10%</u>
TOTAL CAPITAL PROJECTS FUNDS	22,147,035	22,147,035	370,753	2%	276,419	94,334	34%



Redevelopment Agency Year to Date Expenditures - Fiscal Year 2003/04 For the Month of October 2004 33% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CA	PITAL PROJECTS							
	BAHS Administration BAHS Economic Developme BAHS CIP	116,970 31,809 268,213	1,545,675 3,125,435 8,782,152	1,596,269 3,935,625 14,763,450	415,759 466,350 1,814,597	77,945 261,073 	493,704 727,423 4,208,169	31% 18% <u>29%</u>
тот	AL CAPITAL PROJECTS	416,992	13,453,262	20,295,344	2,696,706	2,732,590	5,429,296	<u>27%</u>
327 ANI	O 328 HOUSING							
	Housing	155,641	5,824,189	6,589,093	409,526	72,625	482,151	<u>7%</u>
то	TAL HOUSING	155,641	5,824,189	6,589,093	409,526	72,625	482,151	<u>7%</u>
TOTAL	CAPITAL PROJECT FUND	572,633	19,277,451	26,884,437	3,106,232	2,805,215	5,911,447	22%

Redevelopment Agency of the City of Morgan Hill Balance Sheet Report - Fiscal Year 2003/04 For the Month of October 2004 33% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS	,	(1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Cash and investments: Unrestricted Accounts Receivable	2,109,030 2,475	6,665,382 33,323
Loans and Notes Receivable ¹	3,606,807	28,398,892
Advance to Other Funds Fixed Assets ² Other Assets	71,049	
Total Assets	5,789,361	35,097,597
LIABILITIES		
Accounts Payable and Accrued Liabilities Deferred Revenue ³ Accrued Vacation and Comp Time	24,945 3,625,719	19,949 28,530,124
Total liabilities	3,650,664	28,550,073
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances Advance to Other Funds	2,732,590	72,625
Properties Held for Resale Loans and Notes Receivable	71,049	
Total Reserved Fund balance	2,803,639	72,625
Unreserved Fund Balance	(664,942)	6,474,899
Total Fund Balance	2,138,697	6,547,524
Total Liabilities and Fund Balance	5,789,361	35,097,597

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.

REDEVELOPMENT AGENCY STAFF REPORT

CITY OF MORGAN HILL MEETING DATE: November 17, 2004

LEASE WITH THE CALIFORNIA YOUTH SOCCER ASSOCIATION (CYSA)

RECOMMENDED ACTION(S):

Approve a new lease agreement with CYSA for the property located at 16545 Murphy Avenue and direct the Executive Director to do everything necessary and appropriate to execute the new lease agreement, including making modifications subject to legal review.

Agenda Item #14
Approved By:
BAHS Director
Submitted By:

Executive Director

EXECUTIVE SUMMARY:

In July 2001, the Redevelopment Agency purchased the 35 acre site commonly known as the regional soccer complex. The site is bounded on the west and east by Condit Road and Murphy Avenue and on the north and south by San Pedro and Barrett Avenues, respectively. Since that time, the Agency has continued to lease the property to CYSA for use as a regional soccer complex. In October 2004, the Agency provided staff with parameters for negotiating a lease extension with CYSA. Specifically, the Agency stated the following: 1) a 10 month extension from Jan. 1, 2005 thru October 2005 is acceptable and 2) negotiate a lease rate which allows the City to build a parking lot on one of the fields. The new lease rate of \$16,000 is about \$9,600 lower than last year's lease rate because it reflects: 1) a 10 month lease versus a 12 month lease and 2) the loss revenue to CYSA associated with the elimination of one field. CYSA indicates their maintenance costs are fairly fixed so that there is no corresponding decrease in maintenance expenses because a field is eliminated (see attached letter). Staff believes CYSA's proposal to be reasonable.

The lease agreement maintains the same basic terms of the old lease with some adjustments. The following are the key terms of the lease:

- The new lease will run from January 1, 2005 thru October 2005.
- The lease rate is \$16,000 adjusted in July based on the CPI.
- The City may build a parking lot on one field.
- CYSA is responsible for all maintenance and repair of the facility as well as all utility costs.
- The City may use the facility for its recreational programming from June to November for two days per week. The facility could be used as part of the programming offered for the Aquatics Complex.
- The general public may apply to CYSA to use the fields as long as it doesn't conflict with CYSA's uses. Orchard Valley Soccer is an affiliate of CYSA so they have their own use arrangements.

The new lease agreement reflects the Agency's current contractual standards and provides assurances that the facility will be leased thru October 2005.

FISCAL IMPACT: The Agency will receive \$16,000 during the lease period.



CITY COUNCIL STAFF REPORT

MEETING DATE: November 17, 2004

Prepared By:

Planning Manager

Agenda Item # 15

Submitted By:

City Manager

APPEAL OF FINDING OF INCONSISTENCY WITH THE GENERAL PLAN AND REJECTION OF MEASURE C APPLICATION MC-04-18. APPEAL APPLICATION AP-04-04: MONTEREY - VIOLA.

RECOMMENDED ACTION(S):

- 1. Open/close the Public Hearing
- 2. Council discretion. Should the City Council wish to grant the appeal, adoption of the attached resolution is recommended.

EXECUTIVE SUMMARY: Section 18.78.100(A) of the Municipal Code requires city staff review of Measure C applications to determine whether or not the proposed projects would conform to the City's General Plan. Projects which do not conform to the General Plan may not be accepted for processing under the City's Residential Development Control System (RDCS). The subject application was found to be inconsistent with the General Plan.

The project site is a 9.52 acre parcel located on the west side of Monterey Road, south of Old Monterey Road in the R-2 (3500) Medium-Density Residential District. The General Plan Designation is Multi-Family Low. This land use designation allows a minimum of five and a maximum of 14 dwelling units to the acre. As proposed, the project would contain 38 dwelling units. Based on the project engineer's calculations, the net project area, less land for adjoining collector streets, is 7.681 acres. The 38 units proposed will result in a density of 4.947 dwelling units to the acre, which is less than the minimum five units per acre required under the General Plan. Given the above determination, the application was not accepted for processing.

The applicant, in his appeal letter (attached), indicates their original plan included an adjoining 0.9 acre parcel with an additional seven residential lots. When this additional land area and dwelling units are included in the mix, the project density increases to 5.244 dwellings to the acre, above the minimum density required. The owner of the 0.9 acre parcel decided not to participate in the project application late in the plan preparation process. The density on the balance of the application area was not adjusted to compensate for loss of the additional density the 0.9 acre parcel provided. Although not part of the current application, the applicant is requesting City Council recognition of the 0.9 acre parcel as part of the overall project master plan for 45 dwelling units at 5.244 dwellings to the acre. In past RDCS applications, adjacent properties were not considered part of a project overall master plan unless the adjacent property was included as part of the initial project application.

As an alternative to the above action, the applicant requests that they be allowed to modify their plan submittal to increase the right-of-way dedication for collector street (shown as Llagas Creek Drive) from 64 feet to 72 feet in width. Llagas Creek Drive is a two lane collector street that will connect Hale Avenue/future Santa Teresa to Monterey Road, south of Old Monterey Road. The additional land area devoted to the street would bring the project density into compliance with the General Plan.

In considering the appeal, the City Council may do one of the following: 1) affirm the decision of the Community Development Department to reject the application on the basis of the nonconformity with the plans (General Plan and Zoning Code), 2) reverse the decision by finding that the proposed development is in conformity with the plans, or 3) permit the applicant to modify his proposed development to bring it into conformity with the plans. If the plans were modified to factor in the additional right-of-way dedication as proposed, the application could be accepted for processing.

Adoption of the attached resolution "A" is recommended should the City Council wish to grant the appeal and allow the Measure C application to be processed as modified above. Staff does not recommend including the adjacent 0.9 acre parcel in the density calculation as there is no prior precedence to include adjacent properties that are not part of an initial RDCS application. Should the Council wish to deny the appeal, adoption of resolution "B" is recommended.

FISCAL IMPACT: No budget adjustment required.

 $R: \ANNING \WP51 \RDCS \MC \2005 \MC \MC \AP0404.m1c.doc$

RESOLUTION NO. "A"

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING APPEAL APPLICATION AP-04-04 AND ACCEPTING A MODIFIED MEASURE C APPLICATION FOR A 38-UNIT RESIDENTIAL PROJECT ON MONTEREY ROAD, SOUTH OF OLD MONTEREY ROAD. APPLICATION MC-04-18: MONTEREY - VIOLA. (APN 764-11-003)

WHEREAS, The City Council has authorized a Residential Development Control System (Measure C) competition to be held during Fiscal Year 2004-2005 for award of residential building allocations to be built during Fiscal Year 2006-07 and Fiscal Year 2007-08; and

WHEREAS, Sections 18.78.100A and 18.78.190A of the Morgan Hill Municipal Code require the Planning Manager (Planning Officer) or designated staff to review each application submitted for a Measure C competition and determine whether or not the proposed development conforms to the City's General Plan and site development standards as set forth in Chapter 17.34 and Title 18 of the Morgan Hill Municipal Code. Proposed developments that do not conform to the city codes as cited above shall be rejected unless the City Council permits the applicant to modify his proposed development to bring it into conformity with the plans; and

WHEREAS, The Planning Officer has determined that the project as proposed would not meet the minimum five dwelling unit per acre density requirement under the Multi-Family Low Density Residential Land Use designation and the application therefore cannot be accepted for processing; and

WHEREAS, said action was appealed to the City Council as provided in Sections 18.78.100B and 18.78.190B of the Morgan Hill Municipal Code; and

WHEREAS, such appeal request was considered by the City Council at their meeting of November 17, 2004, at which time the City Council granted the appeal thereby allowing the applicant to modify his proposed development to bring it into conformity with the General Plan; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

SECTION 1. The appellant is directed to modify his proposed development plan to

RESOLUTION NO. "A" PAGE - 2 -

increase the right-of-way dedication for future collector street between Monterey Road and Del Monte Avenue from 64 feet to 72 feet in width. The additional land area devoted to the street would bring the project density to 5.027 dwellings to the acre in compliance with the General Plan.

SECTION 2. The proposed development as modified above is consistent with the

Zoning Ordinance and the General Plan.

SECTION 3. The proposed development as modified above is hereby accepted for processing under the current fiscal year Residential Development Control System (Measure C) competition.

PASSED AND ADOPTED THIS 17th DAY OF NOVEMBER 2004, AT A REGULAR MEETING OF THE CITY COUNCIL BY THE FOLLOWING VOTE:

RMA TOR	REZ, City Clerk	DENNIS KENNEDY, Mayor
ATTEST:		APPROVED:
ABSENT:	COUNCIL MEMBERS:	
ABSTAIN:	COUNCIL MEMBERS:	
NOES:	COUNCIL MEMBERS:	
AYES:	COUNCIL MEMBERS:	

RESOLUTION NO. "B"

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL DENYING THE **APPEAL** APPLICATION AP 04-04: MONTEREY - VIOLA AND FINDING APPLICATION MC 04 - 18TO INCONSISTENT WITH THE GENERAL PLAN AND THEREFORE NOT ACCEPTED FOR PROCESSING UNDER THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM COMPETITION FOR THE FISCAL YEAR 2006-07 BUILDING ALLOTMENT.

WHEREAS, The City Council has authorized a Residential Development Control System (Measure C) competition to be held during Fiscal Year 2004-2005 for award of residential building allocations to be built during Fiscal Year 2006-2007 and Fiscal Year 2007-08; and

WHEREAS, Sections 18.78.100A and 18.78.190A of the Morgan Hill Municipal Code require the Community Development Director (Planning Officer) or designated staff to review each application submitted for a Measure C competition and determine whether or not the proposed development conforms to the City's General Plan and site development standards as set forth in Chapter 17.34 and Title 18 of the Morgan Hill Municipal Code. Proposed developments that do not conform to the city codes as cited above shall be rejected unless the City Council permits the applicant to modify his proposed development to bring it into conformity with the plans; and

WHEREAS, The Planning Officer has determined that the project as proposed would not meet the minimum density required by the General Plan for the Multi-Family Low Residential land use designation and the application therefore cannot be accepted for processing; and

WHEREAS, said action was appealed to the City Council as provided in Sections 18.78.100B and 18.78.190B of the Morgan Hill Municipal Code; and

WHEREAS, such appeal request was considered by the City Council at their meeting of November 17, 2004, at which time the City Council upheld the decision to reject the application from the Residential Development Review Competition for Fiscal Year 2006-2007.

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

SECTION 1.

The application as submitted for the competition does not conform to the minimum density prescribed by the General Plan for lands designated Multi-Family Low Residential. This land use designation requires a minimum of five dwelling units to the acre. As proposed, the project would contain 38 dwelling units. Based on the project engineer's calculations, the net project area, less land for adjoining collector streets, is 7.681 acres. The 38 units proposed will result in a density of 4.947 dwelling units to the acre, which is less than the minimum five units per acre required under the General Plan

SECTION 2. The proposed development is inconsistent with the Zoning Ordinance and the General Plan.

SECTION 4. The proposed application as submitted is hereby rejected from the current fiscal year Residential Development Control System (Measure C) competition.

PASSED AND ADOPTED THIS 17th DAY OF NOVEMBER 2004, AT A REGULAR MEETING OF THE CITY COUNCIL BY THE FOLLOWING VOTE:

IRMA TOR	REZ, City Clerk	DENNIS KENNEDY, Mayor
ATTEST:		APPROVED:
ABSENT:	COUNCIL MEMBERS:	
ABSTAIN:	COUNCIL MEMBERS:	
NOES:	COUNCIL MEMBERS:	
AYES:	COUNCIL MEMBERS:	



CITY COUNCIL STAFF REPORT

MEETING DATE: November 17, 2004

APPEAL OF FINDING OF INCONSISTENCY WITH THE GENERAL PLAN AND REJECTION OF MEASURE C APPLICATION MC-04-16. APPEAL APPLICATION AP-04-05: EAST FIRST – SHERMAN HOUSE ASSOCIATES

RECOMMENDED ACTION(S):

- 1. Open/close the Public Hearing
- 2. Council discretion. Should the City Council wish to grant the appeal, adoption of the attached resolution is recommended.

EXECUTIVE SUMMARY: Section 18.78.100(A) of the Municipal Code requires city staff review of Measure C applications to determine whether or not the proposed projects would conform to the City's General Plan. Projects which do not conform to the General Plan may not be accepted for processing under the City's Residential Development Control System (RDCS). The subject application was found to be inconsistent with the General Plan and Zoning.

The proposed project is a 15 unit vertical mixed use development on a .56 acre parcel located on the south side of East First Street and north side of East Second Street in the CC-R, Central Commercial Residential zoning district. Residential uses are allowed in the CC-R district at a ratio of one dwelling unit for every 2,400 square feet of land area, which is a maximum density of 18 dwelling units to the acre. As proposed, the project density would be one dwelling for every 1,355 square feet of land area, or approximately 32 dwelling units to the acre. To conform to the current General Plan and zoning limits, the project cannot exceed 10 dwelling units. Given the above determination, the application was not accepted for processing.

As stated in the attached appeal letter dated October 28, 2004, applicant's representative believes the project is consistent with the planned densities in the City's Downtown Plan. The Downtown Plan identifies a number of "opportunity sites," where densities of up to 40 dwelling units should be allowed. These sites include the Sunsweet property on East Third Street and the Flea Market and Associated Concrete properties at Main and Butterfield. The subject property is <u>not</u> identified as one of the areas recommended in the Downtown Plan for higher density.

The Council will consider the Downtown General Plan Amendment at its January 19, 2005 meeting. Until the General Plan is amended, the maximum density throughout the downtown area is 18 dwelling units to the acre. Should the applicant wish to proceed with the higher density project, the recommended action would be to withdraw the current Measure C application and request that the higher density zoning be extend to include the subject property. If approved, the applicant could submit an application in next year's Downtown Area competition. In order to proceed at this time, the application must be amended to reduce the number of dwelling units to ten.

In considering the appeal, the City Council may do one of the following: 1) affirm the decision of the Community Development Department to reject the application on the basis of the nonconformity with the plans (General Plan and Zoning Code), 2) reverse the decision by finding that the proposed development is in conformity with the plans, or 3) permit the applicant to modify his proposed

Agenda Item # 16
Prepared By:
Planning Manager
Submitted By:
City Manager

development to bring it into conformity with the plans. If the plans were modified to reduce the number of dwelling units to ten, the application could be accepted for processing.

Adoption of the attached resolution "A" is recommended should the City Council wish to grant the appeal and allow the Measure C application to be processed as modified above. Should the Council wish to deny the appeal, adoption of resolution "B" is recommended.

FISCAL IMPACT: No budget adjustment required.

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RESOLUTION NO. "A"

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING APPEAL APPLICATION AP-04-05 AND ACCEPTING A MODIFIED MEASURE C APPLICATION FOR A 10-UNIT RESIDENTIAL PROJECT ON EAST FIRST STREET, EAST OF MONTEREY ROAD. APPLICATION MP-04-16: EAST FIRST – SHERMAN HOUSE ASSOCIATES (APN 726-14-025, 026, 031)

WHEREAS, The City Council has authorized a Residential Development Control System (Measure C) competition to be held during Fiscal Year 2004-2005 for award of residential building allocations to be built during Fiscal Year 2006-07 and Fiscal Year 2007-08; and

WHEREAS, Sections 18.78.100A and 18.78.190A of the Morgan Hill Municipal Code require the Planning Manager (Planning Officer) or designated staff to review each application submitted for a Measure C competition and determine whether or not the proposed development conforms to the City's General Plan and site development standards as set forth in Chapter 17.34 and Title 18 of the Morgan Hill Municipal Code. Proposed developments that do not conform to the city codes as cited above shall be rejected unless the City Council permits the applicant to modify his proposed development to bring it into conformity with the plans; and

WHEREAS, The Planning Officer has determined that the project as proposed would exceed the maximum 18 dwelling unit per acre density requirement under the Mixed Use land use and Central Commercial Residential (CC-R) zoning designation and the application therefore cannot be accepted for processing; and

WHEREAS, said action was appealed to the City Council as provided in Sections 18.78.100B and 18.78.190B of the Morgan Hill Municipal Code; and

WHEREAS, such appeal request was considered by the City Council at their meeting of November 17, 2004, at which time the City Council granted the appeal thereby allowing the applicant to modify his proposed development to bring it into conformity with the General Plan; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

SECTION 1. The appellant is directed to modify his proposed development plan to

RESOLUTION NO. "A" PAGE - 2 -

reduce the maximum number of dwelling units from 15 to 10 units. The reduced number of units would bring the project density to 18 dwellings to the acre in compliance with the General Plan.

SECTION 2. The proposed development as modified above is consistent with the

Zoning Ordinance and the General Plan.

SECTION 3. The proposed development as modified above is hereby accepted for processing under the current fiscal year Residential Development Control

System (Measure C) competition.

PASSED AND ADOPTED THIS 17th DAY OF NOVEMBER 2004, AT A REGULAR MEETING OF THE CITY COUNCIL BY THE FOLLOWING VOTE:

AYES:	COUNCIL MEMBERS:	
NOES:	COUNCIL MEMBERS:	
ABSTAIN:	COUNCIL MEMBERS:	
ABSENT:	COUNCIL MEMBERS:	
ATTEST:		APPROVED:
RMA TOR	REZ. City Clerk	DENNIS KENNEDY, Mayor

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RESOLUTION NO. "B"

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL **DENYING** THE **APPEAL** AP 04-05: EAST FIRST - SHERMAN APPLICATION HOUSE ASSOCIATES AND FINDING APPLICATION MP 04-16 TO BE INCONSISTENT WITH THE GENERAL PLAN AND THEREFORE NOT ACCEPTED FOR **PROCESSING** THE UNDER RESIDENTIAL DEVELOPMENT CONTROL SYSTEM COMPETITION FOR THE FISCAL YEAR 2006-07 BUILDING ALLOTMENT.

WHEREAS, The City Council has authorized a Residential Development Control System (Measure C) competition to be held during Fiscal Year 2004-2005 for award of residential building allocations to be built during Fiscal Year 2006-2007 and Fiscal Year 2007-08; and

WHEREAS, Sections 18.78.100A and 18.78.190A of the Morgan Hill Municipal Code require the Community Development Director (Planning Officer) or designated staff to review each application submitted for a Measure C competition and determine whether or not the proposed development conforms to the City's General Plan and site development standards as set forth in Chapter 17.34 and Title 18 of the Morgan Hill Municipal Code. Proposed developments that do not conform to the city codes as cited above shall be rejected unless the City Council permits the applicant to modify his proposed development to bring it into conformity with the plans; and

WHEREAS, The Planning Officer has determined that the project as proposed would exceed the maximum density required by the General Plan for the Mixed Use land use designation and CC-R, Central Commercial Residential zoning and the application therefore cannot be accepted for processing; and

WHEREAS, said action was appealed to the City Council as provided in Sections 18.78.100B and 18.78.190B of the Morgan Hill Municipal Code; and

WHEREAS, such appeal request was considered by the City Council at their meeting of November 17, 2004, at which time the City Council upheld the decision to reject the application from the Residential Development Review Competition for Fiscal Year 2006-2007.

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

SECTION 1.

The application as submitted for the competition exceeds the maximum density prescribed by the General Plan. Residential uses are allowed at a ratio of one dwelling unit for every 2,400 square feet of land area, which is a maximum density of 18 dwelling units to the acre. As proposed, the project density would be one dwelling for every 1,355 square feet of land area, or approximately 32 dwelling units to the acre. To conform to the current General Plan and zoning limits, the project cannot exceed 10 dwelling units.

SECTION 2. The proposed development is inconsistent with the Zoning Ordinance and

the General Plan.

SECTION 4. The proposed application as submitted is hereby rejected from the current

fiscal year Residential Development Control System (Measure C)

competition.

PASSED AND ADOPTED THIS 17th DAY OF NOVEMBER 2004, AT A REGULAR MEETING OF THE CITY COUNCIL BY THE FOLLOWING VOTE:

IRMA TOR	REZ, City Clerk	DENNIS KENNEDY, Mayor
ATTEST:		APPROVED:
ABSENT:	COUNCIL MEMBERS:	
ABSTAIN:	COUNCIL MEMBERS:	
NOES:	COUNCIL MEMBERS:	
AYES:	COUNCIL MEMBERS:	



CITY COUNCIL STAFF REPORT

MEETING DATE: November 17, 2004

Prepared By:

Planning Manager

Submitted By:

Agenda Item # 17

City Manager

APPEAL OF FINDING OF INCONSISTENCY WITH THE GENERAL PLAN AND REJECTION OF MEASURE C APPLICATION MMC-04-07. APPEAL APPLICATION AP-04-06: GINGER – CUSTOM ONE.

RECOMMENDED ACTION(S):

- 1. Open/close the Public Hearing
- 2. Council discretion. Should the City Council wish to grant the appeal, adoption of the attached resolution is recommended.

EXECUTIVE SUMMARY: Section 18.78.100(A) of the Municipal Code requires city staff review of Measure C applications to determine whether or not the proposed projects would conform to the City's General Plan. Projects which do not conform to the General Plan may not be accepted for processing under the City's Residential Development Control System (RDCS). The subject application was found to be inconsistent with the General Plan.

The project site is 1.43 acres, and is located south of Ginger Way, approximately 200 ft west of Taylor Avenue in the R-1(7000) Single-Family Residential District. The General Plan Designation is Single-Family Medium. The project proposes to provide two single-family attached units in the overall six-unit project. The General Plan allows single-family attached units in Single-Family designations, but limits the number of attached units in a given project to less than 25 percent of the overall units. The project proposes 33 percent attached units, and therefore, the application was not accepted for processing.

The applicant, in his appeal letter (attached), explains that a General Plan policy encourages "a mix of housing types and lot sizes within residential projects with five or more lots or units." The Zoning Code implements this policy by allowing single-family attached dwellings on corner lots in the Single-Family Residential District. This concept has been incorporated in many previous micro projects. A recent change in a General Plan action statement, however, now precludes micro projects from providing single-family attached units on corner lots. The action statement was revised from limiting the number of multi-family units in a given project to less than 25 percent of the overall units to limiting the number of single-family attached units to less than 25 percent of the overall units in a given project. Given micro projects consist of six or fewer units, it would be impossible to incorporate single-family attached units on corner lots without exceeding the 25 percent limit. This change in the General Plan action statement is inconsistent with the General Plan policy which encourages a mix of housing types in projects with five or more units. The applicant is requesting City Council determination that the General Plan policy govern over the conflicting action statement. With this determination, the project would comply with the General Plan and would be allowed to continue in the Measure C process. The applicant also requests that the City amend the conflicting General Plan action statement in the immediate future.

The recent amendment to the General Plan action statement was not intended to prohibit single-family attached units in micro projects. However, the Municipal Code requires Measure C projects to conform to the General Plan in effect at time of review. Therefore, the City could not amend the General Plan in the future and retroactively apply it to the current fiscal year competition. As an alternative to the above action, the applicant could modify their plan submittal to replace the two, single-family attached units with one, single-family detached unit. By doing so, the project would comply with the current General Plan.

In considering the appeal, the City Council may do one of the following: 1) affirm the decision of the Community Development Department to reject the application on the basis of the nonconformity with the General Plan, 2) reverse the decision by finding that the proposed development is in conformity with the General Plan, or 3) permit the applicant to modify his proposed development to bring it into conformity with the General Plan. If the plans were modified to replace the two single-family attached units with one single-family detached unit, the application could be accepted for processing.

Adoption of the attached Resolution "A" is recommended should the City Council wish to grant the appeal and allow the Measure C application to be processed as modified above. Staff does not recommend amending the General Plan and retroactively applying it to the current fiscal year competition. Should the Council wish to deny the appeal, adoption of Resolution "B" is recommended.

FISCAL IMPACT: No budget adjustment required.

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RESOLUTION NO. "A"

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING APPEAL APPLICATION AP-04-06 AND ACCEPTING A MODIFIED MEASURE C APPLICATION FOR A SIX-UNIT RESIDENTIAL PROJECT LOCATED SOUTH OF GINGER WAY, APPROXIMATELY 200 FEET WEST OF TAYLOR AVENUE. APPLICATION MMC-04-07: GINGER – CUSTOM ONE. (APNs 726-36-056 & -057)

WHEREAS, The City Council has authorized a Residential Development Control System (Measure C) competition to be held during Fiscal Year 2004-2005 for award of residential building allocations to be built during Fiscal Year 2006-07 and Fiscal Year 2007-08; and

WHEREAS, Sections 18.78.100A and 18.78.190A of the Morgan Hill Municipal Code require the Planning Manager (Planning Officer) or designated staff to review each application submitted for a Measure C competition and determine whether or not the proposed development conforms to the City's General Plan and site development standards as set forth in Chapter 17.34 and Title 18 of the Morgan Hill Municipal Code. Proposed developments that do not conform to the city codes as cited above shall be rejected unless the City Council permits the applicant to modify his proposed development to bring it into conformity with the plans; and

WHEREAS, The Planning Officer has determined that the project as proposed would violate the General Plan action statement that limits the number of single-family attached units in a given project in Single Family designations to a small proportion (less than 25 percent) of overall units, and the application therefore cannot be accepted for processing; and

WHEREAS, said action was appealed to the City Council as provided in Sections 18.78.100B and 18.78.190B of the Morgan Hill Municipal Code; and

WHEREAS, such appeal request was considered by the City Council at their meeting of November 17, 2004, at which time the City Council granted the appeal thereby allowing the applicant to modify his proposed development to bring it into conformity with the General Plan; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

RESOLUTION NO. "A" PAGE - 2 -

SECTION 1. The appellant is directed to modify his proposed development plan to replace the two, single-family attached units with one, single-family

detached unit. The unit change would bring the project in compliance with

the General Plan.

SECTION 2. The proposed development as modified above is consistent with the

Zoning Ordinance and the General Plan.

SECTION 3. The proposed development as modified above is hereby accepted for

processing under the current fiscal year Residential Development Control

APPROVED:

System (Measure C) competition.

PASSED AND ADOPTED THIS 17th DAY OF NOVEMBER 2004, AT A REGULAR MEETING OF THE CITY COUNCIL BY THE FOLLOWING VOTE:

AYES:	COUNCIL	MEMBERS:
A I I////		MILMIDLING.

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST:

IRMA TORREZ, City Clerk DENNIS KENNEDY, Mayor

RESOLUTION NO. "B"

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL **DENYING** THE **APPEAL** APPLICATION AP-04-06: GINGER - CUSTOM ONE AND APPLICATION **MMC-04-07** TO INCONSISTENT WITH THE GENERAL PLAN AND THEREFORE NOT ACCEPTED FOR PROCESSING UNDER THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM COMPETITION FOR THE FISCAL YEAR 2006-07 BUILDING ALLOTMENT.

WHEREAS, The City Council has authorized a Residential Development Control System (Measure C) competition to be held during Fiscal Year 2004-2005 for award of residential building allocations to be built during Fiscal Year 2006-2007 and Fiscal Year 2007-08; and

WHEREAS, Sections 18.78.100A and 18.78.190A of the Morgan Hill Municipal Code require the Community Development Director (Planning Officer) or designated staff to review each application submitted for a Measure C competition and determine whether or not the proposed development conforms to the City's General Plan and site development standards as set forth in Chapter 17.34 and Title 18 of the Morgan Hill Municipal Code. Proposed developments that do not conform to the city codes as cited above shall be rejected unless the City Council permits the applicant to modify his proposed development to bring it into conformity with the plans; and

WHEREAS, The Planning Officer has determined that the project as proposed would violate the General Plan action statement that limits the number of single-family attached units in a given project in Single Family designations to a small proportion (less than 25 percent) of overall units, and the application therefore cannot be accepted for processing; and

WHEREAS, said action was appealed to the City Council as provided in Sections 18.78.100B and 18.78.190B of the Morgan Hill Municipal Code; and

WHEREAS, such appeal request was considered by the City Council at their meeting of November 17, 2004, at which time the City Council upheld the decision to reject the application from the Residential Development Review Competition for Fiscal Year 2006-2007.

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

SECTION 1. The application as submitted for the competition does not conform to the

General Plan with respect to the maximum percentage of single-family attached units allowed in a given project. The General Plan limits the number of single-family attached units in a given project in Single Family designations to less than 25 percent of the overall units. The application as submitted proposes 33 percent attached units, which is more than what

the General Plan allows.

SECTION 2. The proposed development is inconsistent with the Zoning Ordinance and

the General Plan.

SECTION 4. The proposed application as submitted is hereby rejected from the current

fiscal year Residential Development Control System (Measure C)

competition.

PASSED AND ADOPTED THIS 17th DAY OF NOVEMBER 2004, AT A REGULAR MEETING OF THE CITY COUNCIL BY THE FOLLOWING VOTE:

IRMA TOR	REZ, City Clerk	DENNIS KENNEDY, Mayor
ATTEST:		APPROVED:
ABSENT:	COUNCIL MEMBERS:	
ABSTAIN:	COUNCIL MEMBERS:	
NOES:	COUNCIL MEMBERS:	
AYES:	COUNCIL MEMBERS:	



CITY COUNCIL STAFF REPORT

MEETING DATE: November 17, 2004

Agenda Item # 18

Prepared By:

Planning Manager

Submitted By:

City Manager

RECOMMENDED ACTION(S):

04-08: TAYLOR - MURRAY.

- 1. Open/close the Public Hearing
- 2. Council discretion. Should the City Council wish to grant the appeal, adoption of the attached resolution is recommended.

APPEAL OF FINDING OF INCONSISTENCY WITH THE

APPLICATION MMC-04-09. APPEAL APPLICATION AP-

GENERAL PLAN AND REJECTION OF MEASURE C

EXECUTIVE SUMMARY: Section 18.78.100(A) of the Municipal Code requires city staff review of Measure C applications to determine whether or not the proposed projects would conform to the City's General Plan. Projects which do not conform to the General Plan may not be accepted for processing under the City's Residential Development Control System (RDCS). The subject application was found to be inconsistent with the General Plan.

The project site is 1.04 acres, and is located at the southeast corner of Peebles Avenue and Rose Lane in the R-1(7000) Single-Family Residential District. The General Plan Designation is Single-Family Medium. The project proposes to provide two single-family attached units in the overall five-unit project. The General Plan allows single-family attached units in Single-Family designations, but limits the number of attached units in a given project to less than 25 percent of the overall units. The project proposes 40 percent attached units, and therefore, the application was not accepted for processing.

The applicant, in his appeal letter (attached), explains that a General Plan policy encourages "a mix of housing types and lot sizes within residential projects with five or more lots or units." The Zoning Code implements this policy by allowing single-family attached dwellings on corner lots in the Single-Family Residential District. This concept has been incorporated in many previous micro projects. A recent change in a General Plan action statement, however, now precludes micro projects from providing single-family attached units on corner lots. The action statement was revised from limiting the number of multi-family units in a given project to less than 25 percent of the overall units to limiting the number of single-family attached units to less than 25 percent of the overall units in a given project. Given micro projects consist of six or fewer units, it would be impossible to incorporate single-family attached units on corner lots without exceeding the 25 percent limit. This change in the General Plan action statement is inconsistent with the General Plan policy which encourages a mix of housing types in projects with five or more units. The applicant is requesting City Council determination that the General Plan policy govern over the conflicting action statement. With this determination, the project would comply with the General Plan and would be allowed to continue in the Measure C process. The applicant also requests that the City amend the conflicting General Plan action statement in the immediate future.

The recent amendment to the General Plan action statement was not intended to prohibit single-family attached units in micro projects. However, the Municipal Code requires Measure C projects to conform to the General Plan in effect at time of review. Therefore, the City could not amend the General Plan in the future and retroactively apply it to the current fiscal year competition. As an alternative to the above action, the applicant could modify their plan submittal to replace the two, single-family attached units with one, single-family detached unit. By doing so, the project would comply with the current General Plan.

In considering the appeal, the City Council may do one of the following: 1) affirm the decision of the Community Development Department to reject the application on the basis of the nonconformity with the General Plan, 2) reverse the decision by finding that the proposed development is in conformity with the General Plan, or 3) permit the applicant to modify his proposed development to bring it into conformity with the General Plan. If the plans were modified to replace the two single-family attached units with one single-family detached unit, the application could be accepted for processing.

Adoption of the attached Resolution "A" is recommended should the City Council wish to grant the appeal and allow the Measure C application to be processed as modified above. Staff does not recommend amending the General Plan and retroactively applying it to the current fiscal year competition. Should the Council wish to deny the appeal, adoption of Resolution "B" is recommended.

FISCAL IMPACT: No budget adjustment required.

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RESOLUTION NO. "A"

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING APPEAL APPLICATION AP-04-08 AND ACCEPTING A MODIFIED MEASURE C APPLICATION FOR A FIVE-UNIT RESIDENTIAL PROJECT LOCATED AT THE SOUTHEAST CORNER OF PEEBLES AVENUE AND ROSE LANE. APPLICATION MMC-04-09: TAYLOR - MURRAY. (APN 726-36-014 AND A PORTION OF 726-36-020)

WHEREAS, The City Council has authorized a Residential Development Control System (Measure C) competition to be held during Fiscal Year 2004-2005 for award of residential building allocations to be built during Fiscal Year 2006-07 and Fiscal Year 2007-08; and

WHEREAS, Sections 18.78.100A and 18.78.190A of the Morgan Hill Municipal Code require the Planning Manager (Planning Officer) or designated staff to review each application submitted for a Measure C competition and determine whether or not the proposed development conforms to the City's General Plan and site development standards as set forth in Chapter 17.34 and Title 18 of the Morgan Hill Municipal Code. Proposed developments that do not conform to the city codes as cited above shall be rejected unless the City Council permits the applicant to modify his proposed development to bring it into conformity with the plans; and

WHEREAS, The Planning Officer has determined that the project as proposed would violate the General Plan action statement that limits the number of single-family attached units in a given project in Single Family designations to a small proportion (less than 25 percent) of overall units, and the application therefore cannot be accepted for processing; and

WHEREAS, said action was appealed to the City Council as provided in Sections 18.78.100B and 18.78.190B of the Morgan Hill Municipal Code; and

WHEREAS, such appeal request was considered by the City Council at their meeting of November 17, 2004, at which time the City Council granted the appeal thereby allowing the applicant to modify his proposed development to bring it into conformity with the General Plan; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

RESOLUTION NO. "A" PAGE - 2 -

The appellant is directed to modify his proposed development plan to replace the two, single-family attached units with one, single-family detached unit. The unit change would bring the project in compliance with

the General Plan.

SECTION 2. The proposed development as modified above is consistent with the

Zoning Ordinance and the General Plan.

SECTION 3. The proposed development as modified above is hereby accepted for

processing under the current fiscal year Residential Development Control

System (Measure C) competition.

PASSED AND ADOPTED THIS 17th DAY OF NOVEMBER 2004, AT A REGULAR MEETING OF THE CITY COUNCIL BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: APPROVED:

IRMA TORREZ, City Clerk DENNIS KENNEDY, Mayor

RESOLUTION NO. "B"

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL **DENYING** THE **APPEAL** AP-04-08: TAYLOR - MURRAY AND APPLICATION FINDING APPLICATION **MMC-04-09** TO INCONSISTENT WITH THE GENERAL PLAN AND THEREFORE NOT ACCEPTED FOR PROCESSING UNDER THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM COMPETITION FOR THE FISCAL YEAR 2006-07 BUILDING ALLOTMENT.

WHEREAS, The City Council has authorized a Residential Development Control System (Measure C) competition to be held during Fiscal Year 2004-2005 for award of residential building allocations to be built during Fiscal Year 2006-2007 and Fiscal Year 2007-08; and

WHEREAS, Sections 18.78.100A and 18.78.190A of the Morgan Hill Municipal Code require the Community Development Director (Planning Officer) or designated staff to review each application submitted for a Measure C competition and determine whether or not the proposed development conforms to the City's General Plan and site development standards as set forth in Chapter 17.34 and Title 18 of the Morgan Hill Municipal Code. Proposed developments that do not conform to the city codes as cited above shall be rejected unless the City Council permits the applicant to modify his proposed development to bring it into conformity with the plans; and

WHEREAS, The Planning Officer has determined that the project as proposed would violate the General Plan action statement that limits the number of single-family attached units in a given project in Single Family designations to a small proportion (less than 25 percent) of overall units, and the application therefore cannot be accepted for processing; and

WHEREAS, said action was appealed to the City Council as provided in Sections 18.78.100B and 18.78.190B of the Morgan Hill Municipal Code; and

WHEREAS, such appeal request was considered by the City Council at their meeting of November 17, 2004, at which time the City Council upheld the decision to reject the application from the Residential Development Review Competition for Fiscal Year 2006-2007.

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

SECTION 1. The application as submitted for the competition does not conform to the

General Plan with respect to the maximum percentage of single-family attached units allowed in a given project. The General Plan limits the number of single-family attached units in a given project in Single Family designations to less than 25 percent of the overall units. The application as submitted proposes 40 percent attached units, which is more than what

the General Plan allows.

SECTION 2. The proposed development is inconsistent with the Zoning Ordinance and

the General Plan.

SECTION 4. The proposed application as submitted is hereby rejected from the current

fiscal year Residential Development Control System (Measure C)

competition.

PASSED AND ADOPTED THIS 17th DAY OF NOVEMBER 2004, AT A REGULAR MEETING OF THE CITY COUNCIL BY THE FOLLOWING VOTE:

IRMA TOR	REZ, City Clerk	DENNIS KENNEDY, Mayor
ATTEST:		APPROVED:
ABSENT:	COUNCIL MEMBERS:	
ABSTAIN:	COUNCIL MEMBERS:	
NOES:	COUNCIL MEMBERS:	
AYES:	COUNCIL MEMBERS:	



CITY COUNCIL STAFF REPORT

MEETING DATE: November 17, 2004

Agenda Item # 19

Prepared By:

Planning Manager

Submitted By:

City Manager

APPEAL OF FINDING OF INCONSISTENCY WITH THE GENERAL PLAN AND REJECTION OF MEASURE C APPLICATION MC-04-10: E DUNNE - KRUSE

RECOMMENDED ACTION(S):

- 1. Open/close the Public Hearing
- 2. Council discretion.

EXECUTIVE SUMMARY:

This report will be distributed as a supplement to the November 17 agenda packet prior to Wednesday's City Council meeting

FISCAL IMPACT: No budget adjustment required.

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CITY COUNCIL STAFF REPORT

MEETING DATE: November 17, 2004

COMMUNITY INDOOR RECREATION CENTER- BUDGET DIRECTION AT 75% CONSTRUCTION DOCUMENTS

RECOMMENDED ACTION(S):

1) Consider Subcommittee Report and recommendations

EXECUTIVE SUMMARY: Consistent with the current project schedule, the Construction Documents are now 75% complete with 100% completion to occur in December 2004.

On July 7, 2004 Council approved an additional allocation to the project budget of \$395,000. Attachment A is the revised project budget totaling \$26.6 million reflecting this increase. This budget identifies \$15.4 million for construction cost including

Agenda Item # 20
Prepared By:

Dep Dir
PW/Operations

Approved By:

Public Works Director

Submitted By:

City Manager

\$461,600 in Escalation Contingency. However, our Design Architect, Noll and Tam, and our Construction Management/Cost Estimating Firm, Nova Partners, have concurred that due to greater than anticipated market escalation the budgeted Escalation Contingency has been exhausted. In addition, as Construction Documents have developed, estimated costs at bid award are projected to significantly exceed our budget. Both of these factors have resulted in a need to increase our construction cost estimate to \$16.7 million. Further, our project team advises that an additional \$500,000 is needed as an appropriate bidding contingency due to an unusual market condition which has developed over the past 6-8 months.

Attachment B is a publication by Davis, Langdon, Adamson, an International Construction Cost Estimating firm providing a mid-year 2004 update of the construction market. The article states, "Over the past six months, the demand for construction in California has continued to grow strongly, and the expectation is for continued growth over the coming months. In many areas, the demand has exceeded the capacity of the local market to provide responsive competitive bids for all projects. As a result, some projects are experiencing extremely high bids. It is not unusual for bids to exceed the anticipated cost by as much as 50%. In some cases, individual trade bids are coming in at two to three times the projected cost". Consistent with this message our project Architect and Construction Management/Cost Estimator are advising us that due to this market peculiar condition we must build into the project greater flexibility and a bidding contingency that is not typically required in a more stable bidding climate. To address this potential problem the IRC Subcommittee has met and formed three options A-C as shown on Attachment C. The Subcommittee recommends option A as summarized in the attached memo dated 11-9-04 addressed to City Council. Attachment C.1 is an evaluation matrix for the three options.

Schedule impacts: To meet the present schedule for completion of Construction Documents and bid award, staff needs Council's direction tonight regarding the project budget. Regarding the currently approved schedule (Attachment D), staff advises Council that since we hired Nova Partners as Construction Managers/Cost Estimators a schedule in greater detail has been created which now includes anticipated rain delay days. This results in a revised schedule of two additional months moving the scheduled completion date from June to August 2006.

Other Attachments which will be referred to in tonight's presentation are as follows: E) Cost Recovery Impacts for deleting Gym, and F) Sustainable Building Components

FISCAL IMPACT: Option A, as recommended by the Subcommittee requires two new appropriations:
1) \$910,500 to address the cost escalation and contingency problem acknowledging current and forecast adverse market conditions, and 2) \$347,000 funding outside the project budget for sustainable items which have an approximate 3-year payback Operating and Maintenance costs savings as noted in Attachment F. The Subcommittee recommends that Council commit to these appropriations tonight; then at a later date determine the prudent combination of RDA funds and or, General Fund Reserves, for the appropriation.



PUBLIC WORKS 100 EDES COURT MORGAN HILL, CA 95037 TELEPHONE: (408) 776-7337 FAX: (408)779-6282 WWW.MORGAN-HILL.CA.GOV

Memo

To: City Council

From: Community Indoor Recreation Center Subcommittee

Date: November 9, 2004

Re: Subcommittee Recommendation at 75% Construction Drawings for Project

Budget and Schedule

As presented in City Council staff report dated 11-17-04 prepared by Mori Struve, Deputy Director of Public Works/ Operations, the Community Indoor Recreation Center (IRC) Subcommittee has formed a recommendation regarding budget and schedule at the completion of 75% Construction Drawings.

Of three options considered, the subcommittee's recommendation is to proceed with option A as shown on attachment C to address the problems of material price increase, market escalation, and an adverse bidding climate plaguing the construction industry over the past 6-8 months. We are advised by the project team that these adverse conditions, causing public and private building projects to experience bids which have exceeded cost estimates by as much as 50%, are likely to continue through the time of the IRC scheduled bid award. Option A requires the following actions:

- 1) The Subcommittee will continue to discuss and refine a present list of Value Engineering items removed from the project or bid as alternates equaling a cost savings of \$600,000 \$800,000. Value Engineering has already been accomplished in earlier stages of the Construction Drawing Preparation Phase reducing the construction budget by \$431,000.
- 2) N&T Architects will create construction drawings and contract documents to bid the Gymnasium as an alternate. This will create the greatest amount of budgeting flexibility for the city at the time of bid opening.
- 3) However, because deleting the Gymnasium from the building negatively impacts cost recovery of the building and does not meet the 100% cost recovery goal for the Operating and Maintenance budget, (see Attachment E) it is recommended that Council make a commitment at this time to appropriate an additional \$1.2 million for the project to reduce the chances of having to delete the Gymnasium if higher than estimated bids are received. The Subcommittee recommends that the prudent combination of unappropriated RDA funding and, or, General Fund Reserves be decided upon at a later date for this appropriation.

The \$1.2 million is calculated as follows:

\$410,500 Addresses estimated building costs in excess of our current budget

\$500,000 As an appropriate bidding contingency given current and forecast market conditions

\$374,000 For "sustainable" items as explained in Attachment F. This cost is identified as a capital investment which will return, on average, an annual Operations and Maintenance cost savings of approximately \$109,000, thus, paying back the capital investment in approximately 3.5 years.

\$1.2 million Total

The Subcommittee further advises Council that current budget issues as described are based on estimates of construction costs at the completion of 75% Construction Drawings. An additional cost estimate will be completed at 100% Construction Drawings which could negatively or positively effect the circumstances as described at this time.

Regarding the current project schedule, over the past 3 months a City Construction Project Manager and private construction management firm have been added to the project team. The project schedule has been further refined and developed based on their review. Given their input, the Subcommittee recommends extending the currently scheduled project completion date of June 2006 to August 2006 to allow for anticipated rain days over the course of the construction period.

Thank you.



CITY COUNCIL STAFF REPORT

MEETING DATE: November 17, 2004

Interim Use Permit UP-04-07: Depot-Day Worker Center RECOMMENDED ACTION(S):

- 1. Consider the property owners' request to impose a 30-day site restoration requirement.
- 2. Provide direction to staff regarding the property owners' request for a bond to ensure the restoration and clean up of the site.
- 3. Adopt Resolution amending Resolution 5803 requiring the Day Worker Committee to return the site to its original condition one month after exiting the site.

Agenda Item # 21
Prepared By:
Associate Planner
Approved By:
Planning Manager
Submitted By:
City Manager

EXECUTIVE SUMMARY: On June 16, 2004, the Council conditionally approved an interim use permit for the Day Worker Center on the northeast corner of Depot Street and E. Main Avenue. As a condition of approval, the Council required the applicant to receive Council approval of the exit plan that met the requirements of Municipal Code 18.54.210I prior to certificate of occupancy. The Council approved a revised exit plan at the October 27, 2004 City Council/RDA meeting.

To ensure that the project site is restored to its pre-development condition, the property owners, Charles Weston and Lesley Miles, are requesting City Council approval of a new condition that requires the applicant to return the site to its original condition no more than thirty days after exiting the site. Staff spoke with Julian Mancias, a representative of the Day Worker Committee. Mr. Mancias indicated that the Day Worker Committee would have no problem with the 30-day requirement. Should the City Council wish to impose a 30-day site restoration requirement as requested, adoption of the attached Resolution is recommended

In addition, the property owners request that the Council consider requiring the applicant bond for the restoration and clean up of the site. Staff spoke with Mr. Mancias regarding the request for a bond. Mr. Mancias stated that he would need to consult with the Day Worker Committee and research the cost of bonding. Staff is requesting direction from the Council regarding the request for a bond.

FISCAL IMPACT: No budget adjustment required.

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING RESOLUTION NO. 5803 REQUIRING THE DAY WORKER COMMITTEE TO RETURN THE SITE TO ITS ORIGINAL CONDITION ONE MONTH AFTER EXITING THE SITE FOR THE APPROVED DAYWORKER CENTER LOCATED AT THE NORTHEAST CORNER OF DEPOT STREET AND EAST MAIN AVENUE ON 0.68 ACRES IN THE CENTRAL COMMERCIAL-RESIDENTIAL (CC-R) ZONING DISTRICT. (APN 726-14-060)

WHEREAS, such request was considered by the City Council at their regular meeting of November 17, at which time the City Council approved an amendment to resolution 5803 (Interim)UP-04-07: Depot-Dayworker Center; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL CITY COUNCIL DOES RESOLVE AS FOLLOWS:

- **SECTION 1.** The findings of Resolution 5803 are hereby incorporated as if set forth herein in their entirety.
- **SECTION 2.** Section XIII of Exhibit A of Resolution 5803 is hereby amended to include the following condition:

"The Day Worker Committee shall return the site to its original condition no more than thirty days after exiting the site."

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 17th Day of November, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Regular Meeting held on November 17, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk

80 03

AFFIDAVIT

I, **Rev. MSGR. Michael J. Mitchell**, on behalf of the applicant, the Roman Catholic Bishop of the Diocese of San Jose, California, do hereby agree to accept and abide by the terms and conditions specified in this resolution.

Signature:	
	Rev. MSGR. Michael J. Mitchell
_	
Date:	



CITY COUNCIL STAFF REPORT MEETING DATE: November 17, 2004

Agenda Item # 22 Prepared By:	
BAHS Director	
Approved By:	
City Manager	

MEMORANDUM OF UNDERSTANDING (MOU) FOR WORKFORCE INVESTMENT ACT SERVICES

RECOMMENDED ACTION(S):

1) Authorize the city manager to do everything necessary, including making modifications to the MOU subject to legal review, to execute a MOU with the City of San Jose to act as the administrator of services for the Silicon Valley Workforce Investment Board (WIB), and 2) provide direction on the process for nominating a person to be appointed to Workforce Investment Board or its Youth Council.

EXECUTIVE SUMMARY: As background, the Workforce Investment Act of 1998 ("WIA") provides financial assistance enabling local governments to assume responsibilities for job training, employer services, and community services and provides for the formation of consortia wherein combinations of cities may unite to form a multi jurisdictional area for overseeing, planning, developing and monitoring a comprehensive one-stop service-delivery system. Morgan Hill is part of the San José Silicon Valley Workforce Investment Area ("Local Area") which comprises of the cities of San José, Gilroy, Campbell, Los Gatos, Saratoga, Monte Sereno, Los Altos Hills, and unincorporated areas of Santa Clara County. The San José Silicon Valley Workforce Investment Board ("WIB") was established for the purpose of providing strategic planning, policy development, and oversight of the local workforce investment systems

The purpose of this MOU is to coordinate workforce development services, by carrying out job training and employment programs, within the one-stop service-delivery system according to plans pursuant to the Workforce Investment Act (WIA), Responsibility to Kids (CalWORKS), and other workforce development legislation. Under this MOU, the City would be authorizing: 1) the WIB to perform the workforce development services such as strategic planning, policy development, and oversight of the local workforce investment systems and 2) the City of San Jose to provide services to manage and administer the workforce development services for the WIB. The City shall not be responsible for any costs incurred to administer the activities of the WIB.

As a party to the MOU, the City may nominate one person for appointment to the WIB or the Youth Council. Staff is seeking direction from the Council on their preferred nomination process. The Youth Council is a subgroup of the WIB which is tasked with the development of a strategy for providing services to youth.

We are recommending approval of the MOU since staff does not have the resources or experience to provide services under the WIA. In addition, such services should be provided on a regional basis and the City of San Jose is in the best position to provide such regional services.

FISCAL IMPACT: none



REDEVELOPMENT AGENCY

MEETING DATE: November 17, 2004

WOODLANDS ESTATES REQUEST FOR ASSISTANCE

RECOMMENDED ACTION(S): Direct staff to explore funding options to assist residents of Woodlands Estates Mobile Home Park and report back to the Agency with a recommendation prior to March 2005.

Agenda Item # 23

Prepared By:

BAHS Analyst Approved By:

BAHS Director Submitted By:

Executive Director

EXECUTIVE SUMMARY: Woodlands Estates (Park) is seeking assistance for qualifying residents who would be unable to meet the assessments that are being proposed by the Park's Board of Directors. The current Board acknowledges that member assessments (i.e. space rents) have been retained at a level too low to build adequate maintenance, capital replacement or financial reserves. Rents had been \$280 per month, including water and garbage, until October of this year when the Board imposed a \$50 per month maintenance and capital replacement reserve assessment on each home.

In 2012, the park's mortgage holder has the option of calling their loan (with a balloon payment of \$3.5 million) or adjusting the rate and extending the note long enough for a normal amortization. The park has no financial reserve fund and has been operating under a break-even budgeting philosophy. The Board is considering two options: 1) raise rents an additional \$100 per month (to \$430) to build the financial reserves necessary to ensure that they could negotiate the loan extension, or refinance their loan in 2012 or 2) raise monthly assessments by \$150 per month for approximately 2 ½ years; then reduce the assessments to \$130 for the next 2 ½ years, and then to \$90 for the final 2 years. This would completely pay their current mortgage by the balloon date, while avoiding an "excessive prepayment" penalty clause (see the attached letter for more detail). The Board prefers Option 2 as rents for existing residents could revert to about \$280 per month once the mortgage is repaid. Residents who purchased their homes during the higher assessment periods, however, would continue to pay at the higher level. The Board has scheduled a resident vote on this option for November 22nd. The vote would be binding on subsequent boards

While the Board believes that park residents should demonstrate their commitment to resolve their own issues, it is also concerned that a number of residents could not meet the proposed assessments. During the past week, sixty-four residents have contacted the BAHS office to request assistance. There are 284 units in the Park. If we assume only 64 households require assistance under the Park's proposed option 2, the Agency would need to set aside a maximum of \$700,000 to fund loans to residents to pay their assessments. However, this assumes no more than 64 households need assistance. The Park believes that a commitment from the Agency "...would be a great help to them (residents) in making their decision if they knew there was a City loan program that could help those in need if the Special Assessment is imposed."

Although we are also concerned about the residents' welfare, it would be premature to commit the Agency without a better understanding of the level of assistance required or the commitment on the part of the residents to help resolve their own financial situation. We recommend that the Agency offer some level of assurance by authorizing staff to evaluate the level of assistance needed, determine a program structure, and explore and pursue funding sources other than City/Agency funds for such assistance (e.g., State HCD). While we understand the need for the Park to proceed with its vote, we need more time to evaluate options for Agency consideration before committing Agency funds. In recognition of the Park's proposed March effective date for an assessment increase, staff would report back to the Agency with a plan prior to March, 2005 when the assessment would take effect.

FISCAL IMPACT: None at this time.